The London School of Economics and Political Science

A Sociological Analysis of Top Incomes and Wealth

A study of how individuals at the top of the income and wealth distributions perceive economic inequality

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Declaration of Authorship

I certify that the thesis I have presented for examination for the MPhil/PhD degree of the London School of Economics and Political Science is solely my own work other than where I have clearly indicated that it is the work of others (in which case the extent of any work carried out jointly by me and any other person is clearly identified in it).

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Abstract

While economic research has demonstrated that the richest 1 percent in terms of income (and to a lesser extent in terms of wealth) in the UK have increased their relative advantage since the 1980s, there is little empirical research on how these individuals perceive changes in economic inequality (Chin, 2014). Following in the tradition of research on 'elite' perceptions of inequality (Reis and Moore, 2005), my research investigates how economic inequality, measured by top income and wealth shares, is perceived by the top 1 percent of income earners in the UK. To understand these phenomena, I interviewed and surveyed 30 participants. Additionally, I analysed data from the Great British Class Survey (GBCS) to triangulate the findings. Participants' perceptions of top income shares closely relate to their views on the production of top incomes. For instance, GBCS data show that respondents with the highest incomes tend to select meritocratic items as important for career success. Meanwhile, a majority of interviewees, termed 'economic evaluators', narrate top incomes as resulting from rational, economic evaluation processes (Lamont et al., 2014), based on the idea that 'the market' is the best instrument for the distribution of resources. Intersectional privilege can be reconciled with ideas of a neutral market, because economic evaluative processes are gendered, 'raced' and classed (Skeggs, 2004a). Due to vast absolute differences between those at the top, participants view inequality from the perspective of 'relative (dis)advantage'; while recognizing their advantage compared to the general population they experience relative disadvantage (based on Runciman's (1966) 'relative deprivation') compared to others higher up the distribution. As a result, participants overestimate top income and wealth shares. Due to beliefs in markets, participants' heightened awareness of inequality does not translate into general concern for inequality, particularly among economic evaluators. My study highlights the importance of the evaluative processes narrated as constituting top incomes for top income earners' perceptions of economic inequality.

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List of Acronyms

ASHE	Annual Survey of Hours and Earnings
BHPS	British Household Panel Survey
BSA	British Social Attitudes Survey
CPI	Consumer Prices Index
DHI	Disposable Household Income
ESS	European Social Survey
GBCS	Great British Class Survey
HBAI	Household Below Average Income
ISSP	International Social Survey Programme
LCA	Latent Class Analysis
LIS	Luxembourg Income Study
LSE	London School of Economics and Political Science
ONS	Office for National Statistics
SCF	Survey of Consumer Finances
SPI	Survey of Personal Incomes
SESA	Study of Economically Successful Americans
US	United States of America
UK	United Kingdom of Great Britain and Northern Ireland
USoc	Understanding Society Survey
WVS	World Values Survey
WAS	Wealth and Assets Survey
WWID	World Wealth and Incomes Database

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Introduction

Top income shares, the share of the top 1 percent as a proportion of total national income, have increased in the UK since the late 1970s (Piketty, 2014; Medeiros and de Souza, 2014; Atkinson, 2015). Meanwhile, top wealth shares, the share of the wealthiest 1 percent, have also increased during this time, though to a lesser extent (Piketty, 2014). Top incomes have risen more sharply in the US and the UK than in continental Europe and Japan (Piketty, 2014; Morelli et al., 2015; Cowell et al., 2016), highlighting the relevance of national specificity. While economists have demonstrated that the richest 1 percent in the US and the UK have increased their advantage over others[1], social scientists have paid remarkably little attention to the social, and in particular the cultural processes which form part of the explanation for recent increases in top incomes and wealth (Lamont et al., 2014; McCall et al., 2014; Piketty, 2014; Atkinson, 2015). Specifically, "social norms regarding fairness of the distribution of income and wealth" might be "the ultimate driver of inequality and policy" (Piketty and Saez, 2014, p. 4). My research addresses the lack of attention to these cultural processes and contributes to the literature on possible reasons for the increase in top income shares by focusing on social norms regarding what level of inequality is acceptable to those situated at the top.

This research therefore 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 economic inequality, and the role they play. I therefore build on research by economists on top incomes and wealth, which has led to a resurgence of sociological 'elite' studies (Khan, 2008). However, there is currently little empirical research regarding how 'elites' perceive increasing economic inequality (notable exceptions include Reis and Moore, 2005; Chin, 2015; Sherman, 2017). I address this limitation by sociologically investigating how individuals situated at the top end of the income and wealth distributions perceive economic inequality. By doing so, my research contributes to the emerging literature on perceptions of increasing economic inequality from the viewpoint of the top (Reis and Moore, 2005; Page et al., 2013; Chin, 2014).

Specifically, the research question addressed in this thesis is: *How do those with top incomes (many of whom also have top wealth) perceive economic inequality?* To

[1] Though see pages 217f for recent fluctuations.

address my research question, I analysed Great British Class Survey (GBCS) data, including a latent class analysis of respondents' attitudes towards career success. Due to a lack of further, nationally representative data, and the suitability of qualitative methods for investigating cultural processes (Lamont et al., 2014), I more importantly collected my own data in the form of a qualitative study of 30 UK-based top income earners. Participants were interviewed and surveyed regarding their views on top incomes and wealth, and differences in incomes. A focus on those in the top 1 percent conceptualizes 'elites' as economic or wealth 'elites' (Bourdieu, 1998; Savage, 2015a) given their "vastly disproportionate control over or access to [economic] resource[s]" (Khan, 2012a, p. 361). To access the study's sample, I had to overcome methodological challenges and mobilize the symbolic capital of the institution where I pursued my doctoral research, the London School of Economics and Political Science (LSE).

A key finding of my study is that perceptions of top income and wealth shares are closely related to participants' views about the production of top incomes and wealth. GBCS data demonstrates that respondents with the highest incomes are more likely to choose meritocratic items as important for career success when compared to other respondents. Meanwhile, interviewees view top incomes as meritocratic, resulting from hard work (effort) and talent (Khan, 2011; Littler, 2013; Sherman, 2017b). While luck is mentioned, hard work is stressed (cf. Frank, 2016). The evaluative practices which participants refer to include formulas for performance pay, traders' bonuses and hedge fund returns. It is precisely these practices of performance-based remuneration which have been shown to be associated with increased wage inequality in the US and the UK (Atkinson, 2015; Angeles et al., 2016).

My research on how the rich perceive economic inequality is relevant due to the interdependence of top income shares and summary measures of inequality, as well as the relationship between inequality and poverty (Reis, 2010; Morelli et al., 2015; Karagiannaki and McKnight, forthcoming). Specifically, the finding that participants view top incomes as market-determined and derived from fair economic evaluation processes may add to the explanation of rising top income shares because top income earners pay themselves and others very high salaries (see Piketty, 2014, pp. 330-331). By implication, "the share available to others" is diminished (Townsend, 1979, p. 366). Further, the rich enjoy disproportionate political influence and power and can therefore impact the democratic process in their favour (Gilens and Page, 2014; Robeyns, 2017).

Finally, this research also contributes to reference group theory and the literature on attitudes to (tackling) economic inequality.

Thesis outline

In *Chapter 1 A sociology of top incomes and wealth*, I draw together the literatures on economic inequality and sociological studies of elites and social class, making the case for a sociology of top incomes and wealth. I justify my focus on economic studies on top incomes and wealth and argue that an engagement with this literature is beneficial for the sociological studies on inequality and social class (Keister and Lee, 2014; Savage, 2014). I build on distributional economic studies (Hills et al., 2010; Hills et al., 2013; Piketty, 2014; Atkinson, 2015) which highlight that studies of social class (Goldthorpe and McKnight, 2004; Goldthorpe, 2010) need to take into account the social relations of capital markets in addition to labour markets (Savage, 2014). Likewise, a relational, sociological analysis of top incomes and wealth, which conceptualizes top incomes and wealth as constituted by and made sense of by top income earners based on social relations (Zelizer, 2012) and culturally shared criteria of evaluation (Lamont, 2012; Lamont et al., 2014), is helpful for distributional economic studies. Specifically, my sociological study contributes to research on the social norms and cultural processes which form part of the explanation for rising inequality (Piketty, 2014; Piketty and Saez, 2014; Atkinson, 2015).

A key starting point for my research is the economic research on top incomes and wealth, which can be seen as challenging a central bias in social science. This bias tends to focus on issues of inequality with respect to the low incomes of the poor rather than the high incomes and wealth of the rich (Townsend, 1979; Orton and Rowlingson, 2007a; Savage, 2015a). The measurement of inequality is never neutral, but a result of political choices (Piketty, 2014). Meanwhile, most studies on economic inequality and on attitudes towards inequality focus on income, even though wealth is vastly and increasingly important relative to income (Ibid.) and vital for perceptions of inequality, as my qualitative data shows. Therefore, wealth and income from capital need to be considered. Capital income is an important component of overall household income, especially for the top 1 percent, and makes up approximately a quarter of all national income in the UK (Nolan et al., 2014; Piketty, 2014) with important implications for the study of social class, and for perceptions of richness by participants, as some of the rich can decommodify themselves.

The context for my research is framed by the literature on economic inequality which shows that top income shares have increased in many countries over the last four decades including in the UK, even if overall inequality remained unchanged by some measures (Piketty, 2014; Morelli et al., 2015). Even though wealth is more unequally distributed than income, wealth is now much more equally distributed than a century ago (Piketty, 2014; Atkinson, 2015) and top wealth shares have increased less dramatically than top income shares (Piketty, 2014). I reflect on possible reasons for increases in income inequality. These start from orthodox economic theories which suggest that economic inequality is the result of rational, neutral market forces, including theories of skill-biased technological change (Goldin and Katz, 2007; Hühne and Herzer, 2017) and globalization (Bogliacino and Maestri, 2014). These theories which carry inherent moral assumptions benefit those in power (Skeggs, 2004a), cannot account for the specific changes at the top of the distribution (Piketty, 2014), lack a conceptualization of rents (Stiglitz, 2015a; McGoey, 2017) and do not account for the unequal distribution of capital (Atkinson, 2015). A majority of my participants refer to precisely this idea of neutral market forces when explaining top incomes and wealth.

I argue for the need to bring in relational (sociological) analyses of top incomes and wealth which view inequality as resulting from unequal social relations of social class (Goldthorpe, 2010; 2012), gender, 'race' and other dimensions of inequality (Skeggs, 2004a). In the sociological perspective, inequality is seen as resulting from interacting members of a social entity in relation with each other (Atkinson, 2015). Hence, inequality is socially constructed. Research which provides evidence for this view shows that inequality has risen in Anglo-Saxon countries due to changes in politics and policies, including with respect to taxation (Volscho and Kelly, 2012; Alvaredo et al., 2013; Tóth, 2014), due to shifts of power to capital (Atkinson, 2015) and due to cultural changes, including the rise of performance-based pay practices, which are associated with increasing wage inequality (Lemieux et al., 2009; Atkinson, 2015; Angeles et al., 2016). My study on how the rich view top incomes and wealth addresses the cultural processes and social norms surrounding the distribution of income and wealth, particularly its concentration at the top (Atkinson, 2006).

The key cultural process which I focus on is that of evaluation (Fourcade, 2011; Lamont, 2012). Narratives include that participants pay very high salaries to themselves and others in social relations with them, as a result of the cultural process of evaluation, which is based on economic criteria (Fourcade, 2011; Lamont, 2012; Lamont et al., 2014). The idea is that the market determines merit. Economic evaluative practices such as the assessment of performance-based pay are viewed, by a majority of participants, as capturing individuals' economic and therefore social contribution. As in the neoclassical marginal productivity theory of the income distribution, economic reward is seen as a reflection of social contribution (McGoey, 2017; Stiglitz, 2015a). Hence, pay is seen as deserved when it is a share of the 'value created', i.e. a part of achieved increases in the value of capital, generated for clients, investors and shareholders (Van der Zwan, 2014). Therefore, I argue based on Bourdieu (1998) that the legitimating purpose of contemporary economic 'elites' is 'service to capital'. In addition to legitimation, the cultural processes of evaluation includes categorization (Lamont, 2012; Lamont et al., 2014). Likewise, classification is a form valuation (Skeggs, 2014). Participants who evaluate individuals' contributions based on economic criteria can reconcile the intersectional, white, male and privately educated privilege at the top with ideas of a neutral, merit-determining market because economic evaluative processes are gendered, 'raced' and classed (Crenshaw, 1989; Skeggs, 1997). Based on classifications some people are seen as economically more valuable than others (Skeggs, 2004a). Consequently, inequalities are naturalized (Bourdieu, 2010 [1984]).

In the last two sections of the literature review, I address perceptions of and attitudes towards inequality. I aim to overcome the divide whereby the social psychology literature focuses on the former and the social policy and sociological literatures, on the latter. Perceptions of inequality are relational; social comparisons are made relative to others (Runciman, 1966; Irwin, 2015). Hence social comparisons can provide insights into how inequality is experienced (Irwin, 2015). Runciman (1966) argued that inequality in twentieth century England was sustainable as people were unaware of the full extent of inequality because they made narrow-ranging social comparisons and hence experienced little relative deprivation. In contrast, I argue that due to vast economic inequality at the top of the distribution, top income earners in the twenty-first century make economically wide-ranging social comparisons with socially close and distant others who are doing even better economically. Therefore, participants experience relative disadvantage (based on relative deprivation). Participants look up to and admire the economic achievements of others due to economic evaluation; those who do best economically are seen as the best. They aspire to further accumulation to reduce their relative disadvantage.

I reflect on the fact that the literature on attitudes includes a limited amount of research which shows how the public views high incomes and the rich (Dean and Melrose, 1999; Orton and Rowlingson, 2011; Bamfield and Horton, 2009; McCall, 2013), but there are very few studies which address how the rich themselves view their privilege, as well as high incomes, richness and the unequal distribution of income and wealth (Sherman's 2017 and Chin's 2015 work are notable exceptions). Further, the literature on attitudes generally focuses on the distribution of income, and rarely addresses the unequal distribution of wealth even though attitudes towards wealth may be distinct from attitudes to earnings and income (Orton and Rowlingson, 2011). My study addresses these limitations, however further nationally-representative research on top income earners and the rich is recommended.

In *Chapter 2*, I discuss my *methodology and methods*. Due to the preoccupation in the social sciences with poverty and the dividing line between the middle and the working class, there is a lack of nationally representative data on the rich, a challenge for research on 'elites' (Savage and Williams, 2008; Savage, 2015a). The GBCS survey is an exception; its advantage for my purposes is that it has attracted many rich respondents. As the GBCS is a non-random and non-representative online survey, I compare my findings to data from the nationally-representative Understanding Society (USoc) survey, which shows that USoc does not offer strong tools for my purposes. Due to the absence of suitable quantitative data and the advantages of qualitative methods for studying cultural processes "and micro level practices that constitute them" (Lamont et al., 2014, p. 24), I have collected qualitative interview data of 30 top income earners in the UK, a majority of which are also top wealth holders. The interviews were followed by a short survey questionnaire, and supplemented with field notes.

My analysis of GBCS data which I discuss in *Chapter 3 A descriptive portrait of 'the top'* includes an outline of the social characteristics of individuals situated at the top of the income distribution, including their occupations, social class, age, gender and ethnicity. I find that the main distinction between economic 'elites' and all other households are their vast amounts of wealth, their geographic location and awareness that they belong to an advantaged social class. In addition, I analyse what can be inferred about GBCS respondents' views towards inequality. The data shows that the rich hold more meritocratic views than everyone else, even though these views are strong throughout the distribution of GBCS respondents.

In *Chapter 4 Meritocratic top incomes: Economic evaluation by 'the market'* I discuss qualitative findings on participants' views on the causes of inequality. I argue that participants' narratives demonstrate that their views about top incomes are closely related to how they view the processes through which top incomes are produced. As discussed, a majority of participants narrate top incomes as resulting from rational, economic evaluation processes (Lamont et al., 2014; Fourcade, 2011) based on the idea that 'the market' is a neutral and fair instrument for the distribution of resources. Hence, most participants perceive top incomes as meritocratic, resulting from hard work (effort) and talent (Littler, 2013). The income and capital gains of entrepreneurs are seen as truly market determined and hence as most deserving. Instead of distinguishing between more deserving 'top managers' and less deserving 'rentiers' as suggested by Piketty (2014, p. 264), participants draw on distinctions between deserving entrepreneurs and not necessarily deserving employees, including managers and CEOs.

I show how economic, quantifiable 'value' is seen as enmeshed with moral, cultural 'values' (Skeggs, 2004a; 2014). For a majority of participants, the 'economic evaluators', money is a measuring rod for worth (Fourcade, 2011). Economic evaluation processes are rational in the Weberian sense and include evaluative practices which determine top incomes such as formulas for performance pay, hedge fund returns and bonus payments. Simultaneously, these evaluative practices rationalize top incomes in the Freudian[2] sense because the supposed meritocratic process makes the outcome, vast inequality, seem fair (Bourdieu, 1998). Yet, a minority of participants are 'social evaluators' whose focus is on values over economic value (Skeggs, 2004a). These participants question whether top incomes reflect social contribution, often with reference to social comparisons with others who are perceived to be working in more 'socially valuable' occupations.

Further, I emphasize that the picture at the top and in particular the very top of the distribution is one of white, male, privately educated privilege. Hence, privilege is 'intersectional' (Crenshaw, 1989; Skeggs, 1997). In *Chapter 5 Economic evaluation as*

[2] 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).

gendered, 'raced' and classed, I discuss that participants can reconcile intersectional privilege at the top with ideas of a neutral, merit-determining market because economic evaluative practices are gendered, 'raced' and classed (Skeggs, 2004a). Some participants are seen as economically more valuable and structural inequality is individualized through economic evaluative processes.

I discuss the perspective from which inequality is viewed in *Chapter 6 Relative (dis)advantage: The perspective from the top*. Due to vast absolute differences within the 1 percent, participants view inequality from the perspective of 'relative (dis)advantage'; while recognizing their advantage compared to the general population they experience relative disadvantage, based on Runciman's 'relative deprivation', when 'looking up'. As economic evaluation processes mean those at the top are seen as meritorious, relative disadvantage is seen in a positive light, as aspirational. Further research is necessary to investigate whether relative (dis)advantage constitutes a driver of top incomes.

In *Chapter 7*, I show that participants *perceive high incomes and richness* to be 'relative' concepts, specifically based on comparisons with other rich people instead of comparisons with the living standards of the general population, as conceptualized in authoritative definitions of relative poverty (Townsend, 1979). Therefore, participants' perceptions of high incomes and richness are very skewed towards the right tail of the distribution. Narratives include that participants explain that they engage in a 'struggle' for economic capital, specifically London property, and cultural capital, in the form of private schooling. Further, participants explain that richness to them means freedom from worrying about money and further accumulation, or as not needing to work. These aspirations for decommodification need to be seen in the context of the liberal welfare state of the UK, which offers limited decommodification to its citizens and stresses individual responsibility (Esping-Andersen, 1990). This idea of richness as decommodification and the related desire to release oneself from the strain of the labour market is in contradiction to the meritocratic idea of top incomes as a result of hard work.

In the final empirical chapter, *Perceptions of economic inequality and policies to tackle it (Chapter 8)*, I discuss my findings of participants' perceptions and attitudes on economic inequality in general, and on top incomes and wealth in particular. I also address their views toward policies to alleviate economic inequality. As discussed, in contrast to Runciman (1966) who argued that relative deprivation was limited due to narrow-range social comparisons, resulting in a lack of awareness of the full extent of inequality, my study shows that top income earners experience relative disadvantage due to economically wide-ranging social comparisons (which may occur with socially close others). As a result of relative disadvantage, interviewees overestimate top income and wealth shares. This finding is in contrast with views of the general population which has been shown to underestimate levels of economic inequality (Orton and Rowlingson, 2011). Due to strong beliefs in markets, this heightened awareness of inequality does not however translate into vast concern for inequality or agreement with the view that the government should reduce income differences[3], particularly among economic evaluators.

Economic evaluators view inequality as the result of market forces and therefore as inevitable; the market is best suited to determine top income and wealth shares and hence government interference in markets is opposed. Therefore, economic evaluators explain that they cannot state how high top income and wealth shares should be. A majority explain that it is not a good idea to measure inequality with top income and wealth shares, or that inequality is not an issue. Many participants do not want to engage with issues of the unequal distribution of resources, but stress that as long as the process is fair, the outcomes are not relevant or that we should focus on absolute living standards at the bottom.

Participants are less likely than the general population to view the gap between rich and poor as an issue and less likely to agree that the government should reduce income differences than the general population. However, participants are more likely to favour redistribution, due to beliefs that poverty is more important than inequality (Rowlingson et al., 2012). The literature shows that attitudes towards redistribution are a combination of self-interest and values. Correspondingly, I find that economic evaluators, who stress that the market rewards hard work and talent and are not concerned about top income and wealth shares, are much less likely to agree that the government should reduce income differences and redistribute compared to social evaluators.

[3] This survey question was interpreted by participants as referring to market incomes.

Chapter 1 A sociology of top incomes and wealth

A relational analysis of top incomes and wealth

There is currently a stand-off between the analysis of top income and wealth in the disciplines of economics and sociology. My thesis seeks to redress this and develop a better dialogue between these two disciplines. Even though economic and sociological studies on inequality focus on the distributional and relational aspects of inequality, respectively (Goldthorpe, 2010; Bruch, 2017), I will argue that the two are complementary (Atkinson, 2015). Specifically, distributional economic studies of top incomes and wealth have important implications for the study of 'elites' and social class, and relational, sociological studies such as my own can contribute to the study of reasons for increasing top income and wealth shares by focusing on cultural processes, comparisons with reference groups and attitudes towards inequality.

The study of economic inequality in economics and sociology

In sociology, the study of inequality is focused on unequal social relations, while economists focus on the unequal distribution of economic resources. Specifically, the study of inequality in sociology concentrates on the analysis of social class and status[4] (Goldthorpe and McKnight, 2004; Goldthorpe, 2010; 2012), as well as gender and 'racial' inequalities and their 'intersections' with social class (Crenshaw, 1989; Skeggs, 1997; Skeggs, 2004a). The study of economic inequality sits firmly within the realm of the discipline of economics and has largely been driven by economists and social policy researchers (Williams, 2011). Economic inequality is not a key focus in sociology in the UK. In the US, sociologists are more involved in the study of economic inequality, including research on top incomes and wealth (DiPrete et al., 2010; Keister, 2014; McCall et al., 2014). However, even here the field remains a core domain of economists (McCall and Percheski, 2010). Conversely, the sociological literature on social class in the UK pays little attention to income inequality, and even less to income concentration at the top of the distribution, and inequalities of wealth and capital income (Savage, 2014). My thesis seeks to redress this balance by providing a sociological account of how economic inequality, overall and as measured by top

[4] Even though status is acknowledged as conceptually different to social class, it is correlated with social class (Goldthorpe, 2010) and not addressed further in this thesis.

income and wealth shares, is perceived by the rich and very rich in London and the UK[5].

I argue that the unequal distribution of resources at the top of the distribution and how this inequality is understood by those at the top, is important for the wider analysis of social relations. Equally, I discuss how a sociological lens, which focuses on unequal social relations, can add to distributional conceptualizations of social inequality. Hence, I address the established sociological distinction between relational and distributional analyses (Bruch, 2017), also referred to as relational and substantialist analysis (Bourdieu, 2010 [1984]) or as treating inequality in a relational or attributional sense (Goldthorpe, 2010; 2012). The distributional perspective, associated with economists' analyses of the unequal distribution of income and wealth, is currently more prominent; however, some sociologists (Goldthorpe, 2010; Bruch, 2017) argue that this approach is merely descriptive and does not address the unequal social relations which explain sustained inequality. I argue that the two approaches are mutually beneficial. I do so by firstly highlighting the advantages of distributional studies on top incomes and wealth for my study and for the study of 'elites' (Savage, 2014; Khan, 2015) and secondly discussing how my relational analysis contributes to research on the social norms and cultural processes which form part of the explanation for rising inequality (Piketty, 2014, p. 331; Piketty and Saez, 2014; Atkinson, 2015).

The distribution of income and wealth and its implications for the study of 'elites' and social class relations

Historical studies of the distribution of economic resources, which focus on the evolution of top income and wealth shares (Atkinson et al., 2011; Piketty, 2014; Alvaredo et al., 2015) challenge a bias in social scientific research on inequality. Historically, this research focused on poverty, and the distinction between the middle and working classes (Orton and Rowlingson, 2007a; Khan, 2008; Savage et al., 2014; Savage, 2015a). The history of social science includes a concern for regulating the poor and their income, reflecting a moral bias and preoccupation with situating issues of

[5] A majority of respondents are living in London, particularly West London, though some live outside of London.

inequality with the poor and the working class (Skeggs, 2014)[6]. For instance, Charles Booth's (1984 [1889]) seminal study of poverty in London included defining people in the poorest streets, the "black" category, as "vicious, semi-criminal" (Savage, 2016). Seebohm Rowntree's (1901) research on poverty in York derived the influential 'primary poverty' definition based on the concept of subsistence as well as the concept of 'secondary poverty', "a state in which income was in theory enough to maintain physical efficiency but was misspent" on "drink, betting and gambling; ignorant or careless housekeeping and other improvident expenditure, the latter often induced by irregularity of income" (Townsend, 1979, p. 565, citing Rowntree, 1901, pp. 141-2). The legacy of these influential studies by rich industrialists may explain why the focus, which still persists today, was on poverty and how little the poor *earn*, rather than how much the rich *own* and *receive* as income from capital or labour[7].

Distributional analyses demonstrate that top income and wealth shares have increased since the 1970s (e.g. Atkinson et al., 2011; Piketty, 2014; Alvaredo et al., 2017). Thanks to this body of literature, social scientists now recognize the importance of studying the rich rather than the poor (Khan, 2015). Until recently, the 'rich' have been an understudied group in sociology. Even though class is seen as relational, the focus has been one-sided, on deprivation and poverty (Orton and Rowlingson, 2007a; Khan, 2011; Savage, 2015a). Distributional research on top incomes and wealth, which estimates the share held by the richest decile, the richest 1 percent and the richest 0.1 percent in terms of income or wealth (e.g. Atkinson et al., 2011; Alvaredo et al., 2013; Piketty, 2014), challenges this bias.

Sociologists have not always been uninterested in the 'rich' and in 'elites'. Historically, social theorists viewed elites as important for understanding social dynamics (Savage and Williams, 2008). Around the start of the twentieth century, a period with high levels of inequality (Atkinson et al., 2011), scholars were quite interested in elites (Khan, 2008). From the mid-1970s onward, at a time which was preceded by falling levels of inequality[8] (Piketty, 2014, Figure 9.2, p. 315), the study of 'elites' became deeply unpopular due to the rise of post-structuralist social theory as well as positivist or neo-positivist social science which insisted on the nationally-

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[6] For instance Malthusian theory from the 18th century (Skeggs, 2014; Sandmo, 2015).
[7] Tawney's work would be an exception to this focus.
[8] As measured by top income shares (Piketty, 2014).

representative sample survey as a central research tool (Savage and Williams, 2008). As elites are not accounted for in large enough numbers to warrant statistical inference, the rise of the sample survey has contributed to the demise of elite studies (Ibid.). This methodological issue does not apply to recent work on top income and wealth shares, which has revived interest in the study of 'elites', because economists rely on administrative taxation data (Piketty, 2014; Atkinson, 2015).

There is considerable debate surrounding what constitutes the 'elite' and how they should be defined (Khan, 2012a). My research focuses on the top 1 percent of the income distribution in the UK, many of whom (as I will show) also own top wealth. Hence, participants of this study can be conceptualized as economic or wealth 'elites' (Bourdieu, 1998; Mears, 2015; Savage, 2015a) because of their "vastly disproportionate control over or access to a resource" (Khan, 2012a, p. 361). Resources, in this definition of 'elites' by Khan (2015, p. 99) include "social, cultural, symbolic [and] economic [capital]". I justify the focus on economic capital with reference to Bourdieu (1986) who argued that economic capital is at the root of all other capitals. My focus on an economic 'elite' is compatible with the approach of Reis and Moore (2005, p. 2) who define elites as those "who control the key material, symbolic and political resources within a country". However, rather than operationalizing elites in institutional terms, as those occupying "commanding positions within the set of institutions that are most salient to national political influence and policy-making" (Ibid.)[9], my focus is on material advantage. My conceptualization differs from Scott's (2008) who insists that 'elites' are only those groups who hold a certain degree of power[10]. Due to the ambiguity of the term and the meritocratic connotation of the word 'elite', I use it with inverted commas following Bourdieu (1998).

My research contributes to the emergent field of 'elite' studies (Savage and Williams, 2008; Khan, 2008; 2011). However, many studies in this tradition do not engage with economic inequality directly[11]. Notable exceptions include research by

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[9] However, there may be significant overlap between institutional and economic elites and it has been shown that economic elites in the US have disproportional influence on policy making (Gilens and Page, 2014).

[10] However, economic capital can be seen as a form of power.

[11] Sociological research includes a body of work which focuses on 'elites' based on membership in 'elite' occupations such as central bankers (Lebaron, 2008), non-executive directors (Froud et al., 2008), board

Savage and colleagues who conceptualize a new 'elite' social class which is distinguished by its vast amounts of economic capital (Savage et al., 2013; 2014; Cunningham and Savage, 2015). Further, studies which specifically address elite perceptions of economic inequality include Reis and Moore's (2005) seminal, comparative study of countries in the South, research by Schimpfossl (2014) on the Russian upper classes, studies on how elites in the US make sense of their privileged position by Khan (2008; 2011; 2015) and Sherman (2017), as well as research by Chin (2014; 2015). Similar to my study, Chin's research also focuses on perceptions of economic inequality by the 1 percent in the US. Important recent work genders 'elites' (Mears, 2015; Glucksberg, 2016a). My research follows in the footsteps of above 'elite' studies, aiming to draw together research on 'elites' and on economic inequality at the top of the distributions.

Long-run distributional analyses of economic inequality by economists helpfully challenge occupational conceptualizations of social class in the UK (Savage, 2014). The economic literature which shows that "capital is back" (Piketty and Zucman, 2014, p. 1255) because it increased its relative power compared to income, and that wealth is much more unequally distributed (Piketty and Saez, 2014; Piketty, 2014, pp. 222; 244), offers an instructive challenge to sociological conceptualizations of social class which generally do not account for wealth and capital income differentials (Savage, 2014; though see Townsend, 1979 and Savage et al., 2013; 2014). A notable exception is Savage et al. (2013; 2014) who account for wealth and income in their theory of social class, and conceptualize an 'elite' social class based on latent class analysis of the GBCS (Cunningham and Savage, 2015). Generally however, social class is treated as if separate from wealth (Townsend, 1979). This is a significant oversight, because in 2010 in the UK the ratio between capital and income was approximately 5 to 1, and income from capital made up approximately one quarter of all national income, a figure which has increased between 1970-2010 (Piketty, 2014, p. 25). In addition, social class analysis largely ignores variation at the top of the income distribution. As my

members of quasi-autonomous non-governmental organizations (Griffiths, 2010) or the members of the House of Lords (Bond, 2012). This research often uses piecemeal data which is publically available and social network analysis demonstrating the interconnectedness of 'elites'. There are fewer social science studies which have addressed elites directly by collecting primary data due to methodological issues (McDowell and Court, 1994; McDowell, 1997; Ho, 2009).

qualitative data shows variation at the top is very important for how top income earners perceive inequality.

Distributional economic studies highlight that theories of class structure which are exclusively based on "social relations within labour markets and productive units"[12] (Goldthorpe, 2012, p. 137; Goldthorpe and McKnight, 2004) are limited in reach. They miss important aspects of the social relations of economic life (Savage, 2014). Other theories which focus on cultural capital in the Bourdieusian tradition sometimes neglect economic capital (Flemmen, 2013). Taking wealth into account allows a theorization of class which acknowledges that social class plays out in households and family life as well as in labour markets; a public sphere historically associated with male breadwinners (Savage, 2014). A focus on wealth inequality also sheds light on the intersection between class and ethnicity, by drawing attention to the inheritance of economic exploitation of slavery and colonialism (Piketty, 2014, p. 159). Distributional analyses highlight that the study of social class needs to be broadened beyond unequal relations in labour markets and take into account the unequal distribution of wealth and capital income (Savage, 2014; Skeggs, 2014; Townsend, 1979). My qualitative data provides evidence that wealth is important for perceptions of inequality and what it means to be rich.

So far, the most established approach to social class in the UK, what Crompton (2008, p. xiii) termed the 'employment aggregate approach', whereby individuals are categorized into class groups on the basis of their occupation[13], does not take top incomes, income from capital and wealth into account. In this school of thought "class positions are seen as deriving from social relations in economic life, or, more specifically, from employment relations" (Goldthorpe and McKnight, 2004, p. 1). Economic inequality is not part of this conceptualization of social class, but an outcome, or a dependent variable which can be explained by someone's class position. Class position is conceptualized as employment relation, and operationalized as occupation. The resulting class schema, the new British National Statistics Socio-

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[12] This approach to social class analysis distinguishes between employers, the self-employed and employees, and different types of employees.

[13] Or in the case of women, this categorization into class groups was also applied by default, on the basis of their partner's occupation. This idea, criticized by feminist scholars, rested on the assumption that the class of the household can be derived by the class of the main breadwinner (Crompton, 2008).

Economic Classification (NS-SEC)[14] is widely used, in particular in social mobility research (Goldthorpe and McKnight, 2004).

When studying social mobility, sociologists therefore focus on intergenerational occupational class mobility whereas economists are concerned with intergenerational income mobility[15] (Bukodi et al., 2015; Laurison and Friedman, 2016). Recent research by Laurison and Friedman (2016) demonstrates the benefit of combining measures of social class and earnings inequality. Specifically, they find that there is significant variation in earnings among those in higher professional and managerial employment, i.e. the highest occupational class group (NS-SEC1), and that a substantial part of the differences between individuals can be explained by their class origin; those from working class backgrounds earn 17 percent less, on average, than individuals from privileged backgrounds. This research demonstrates the value of combining measures of income and occupational social class.

Another prominent approach to the analysis of social class, based on an Anglophone application of Bourdieu's (1986; 2010 [1984]) class theory, equally does not place economic inequality at the centre of analysis even though Bourdieu (1986) himself argued that economic capital was at the root of all capitals. Bourdieu's theory, sometimes referred to as 'cultural class analysis', sees people's distribution in social space as based on the "global volume" and "composition" of their social, cultural and economic capital, and "evolution in time of the volume and composition according to their trajectory in social space" (Skeggs, 2004a, p. 17). Bourdieu's theories influenced the Capital, Assets, Resources (CAR) approach to social class analysis by Savage et al. (2005); an alternative to occupational approaches to social class. I concur with Flemmen's (2013, p. 325) critique of recent developments in this tradition of class analysis. Specifically, the focus on the multiple forms of capital, in particular cultural capital, shifted attention away from "the relations of power and domination founded in the economic institutions of capitalism as a crucial element of what class is". Bourdieu's writing needs to be considered in historical context; written "at a time when indeed economic capital has been weakened" (Savage, 2015b, in conversation with Piketty). Hence, Bourdieu who was concerned with the reproduction of advantage does

[14] This scheme was introduced in 2001, and followed what was variously known as the Goldthorpe, Erikson-Goldthorpe-Portocarero or CASMIN schema (Goldthorpe and McKnight, 2004).

[15] Bukodi et al. (2015) note that research by sociologists is neglected in the public discussion of social mobility compared to those by economists.

not focus sufficiently on economic capital, but on cultural and social capital legitimized by symbolic capital, which needs to be modified by today's economic conditions.

Distributional studies which demonstrate that economic capital has been strengthened in recent decades, challenge sociologists to reassess their theories of social class (Savage, 2014). Research on economic 'elites' generally "has not cross-fertilized with class analysis" (Savage and Williams, 2008; Savage, 2015a, p. 232). However, "[a] full analysis [of 'elites'] demands a sociological analysis of how to theoretically link elites to class analysis" (Savage, 2015a, p. 233). My data on how the rich perceive inequality, high income and richness, suggests one avenue to do so. The unequal distribution of wealth and capital income, as well as its concentration at the top, informs my theorization of social class and how elites are situated within it. I theorize that economic 'elites' can be seen as a social class, by employing the concept of 'decommodification' (Esping-Andersen, 1990). I argue that those with wealth high enough to derive capital income which allows them to disengage with the labour market (Atkinson, 2006) are part of a 'decommodified class'. This conceptualization draws on Atkinson's (2006, p. 3) definition of the 'rich' as those with wealth high enough to "live off the interest at an average standard of living" and my findings that richness is often equated with decommodification. In the words of my interviewees, the rich enjoy "freedom" from the labour market; they are decommodified based on the sheer income-generating capacity of their wealth.

Building on Atkinson (2006), I propose a complementary definition of richness from the perspective of the 1 percent. The cut-off for decommodification is based on participants' narratives of richness. Due to their disproportional ideological and political influence, it is important to take the views of the rich into account (Page et al., 2013; Wisman, 2013). Townsend (1979, p. 367) argued that the rich play a powerful role in shaping what styles of living are acceptable in a society and that they "influence public attitudes to what is accepted as 'deprivation' or 'poverty'". Similarly, the rich may influence public attitudes on what it means to be rich. As the research participants did not consider an average standard of living as adequate because they seek to lead the lifestyle of the rich, I suggest a definition of 'extreme richness' (richness from the perspective of the rich). The extremely 'rich' or the 'decommodified class' are a social class who can or could live off their financial and property assets at the average standard of living of someone whose income places them just within the top 1 percent of the income distribution. Decommodification matters because access to capital income is unequally distributed, and the time and efforts involved in deriving income from labour or from capital are clearly different (Keister, 2014). Hence, sociologically, and for many participants, there is a fundamental difference between those who depend on their labour and those who can live off income from capital.

The contribution of this study to research on reasons for increasing top incomes and wealth

While distributional economic studies are important for my PhD thesis, my sociological study also adds to the distributional literature on reasons for increasing inequality by focusing on the social norms and cultural explanations for recent increases in top incomes and wealth. Social norms of what is seen as fair and what is not, are important for the evolution of inequality (Atkinson, 1997; Alvaredo et al., 2015; Piketty, 2014, p. 331). I view inequality as socially constructed, and top incomes and wealth as resulting from and made sense of based on social relations (Zelizer, 2012) and culturally shared criteria of evaluation (Lamont et al., 2014; Lamont, 2012). A majority of participants view top incomes and wealth as market determined, by neutral and fair market forces, and therefore as legitimate.

Economics is often presented as the most scientific discipline within the social sciences, one that is defined by ‘scientific’ methods, ‘neutrality’ and ‘objectivity’. The ‘value-free’ reputation of the discipline of economics relates to its institutional power[16]. This dedication meant that the study of the income distribution has at times been situated somewhat outside the mainstream of the discipline because economists preferred to pursue ‘value-free’ research areas (Sandmo, 2015; Atkinson and Bourguignon, 2015). Recently though, the subject of income inequality has been brought in “from the cold”; and the subject moved from a position outside the mainstream economic debate to taking centre stage in the last 15 years (Atkinson, 1997, p. 297; Atkinson and Bourguignon, 2015). There has been less focus on wealth inequality, but this is changing with publications such as Hills et al. (2013), Piketty (2014) and Alvaredo et al. (2015). Historically, the classical economists have been quite interested in the distribution of income and the role of social relations (Sandmo,

[16] For instance, Savage (2014, p. 592) observes that the reason why Piketty’s (2014) book commanded the influence it did was precisely that it was written from “the highground of economics”.

2015). Specifically, they focused on the ‘functional distribution of income’, i.e. how income was distributed between the main factors of production. These were labour, capital and land, with respective incomes from wages, profits and rent (Atkinson, 1997; Sandmo, 2015). Hence, the classical economists envisioned three separate social classes; workers, capitalists and landlords (Atkinson, 2015). However, with the ‘marginal revolution’ which marked the birth of neoclassical economics, economic theory of the income distribution shifted away from structural explanations and focused on the individual (McGoey, 2017). Hence, there is no account of social structure and of “the divisions in society as described by the sociologists” in the standard theories of the income distribution (Akerlof, 1976, p. 617). According to the marginal productivity theory of the income distribution, influential in economics, income from capital and income from labour are seen as the result of differences in marginal productivity and therefore the social contribution of individuals (McGoey, 2017; Stiglitz, 2015a). While the theory appears to be value free, it serves the interests of the powerful (Skeggs, 2004a). It is this bias which I seek to correct here.

Economic inequality

Inequality has many dimensions including economic inequality, the focus of this thesis (Atkinson and Bourguignon, 2015). I study how individuals situated at the top of the income and wealth distributions perceive economic inequality; specifically economic inequality as measured by top income and wealth shares. My analysis focuses on perceptions of economic inequality and how they relate to inequalities of gender, ‘race’ and social class (Skeggs, 2004a). In the following literature review, I define income and wealth, discuss the relationship between the two concepts and available distributional statistics, justify my focus on top incomes and wealth and highlight measurement and data issues. Next, I situate the case study of the UK in an international and historical perspective. Then, I engage with the debate on reasons for increased economic inequality at the top. Building on the discussion of relational and distributional approaches to inequality, I discuss two approaches to explaining inequality; inequality as socially constructed (the perspective taken in this thesis) and inequality as reflecting contribution (the marginal productivity theory of the income distribution). Based on this perspective, I argue that my research contributes to the study of cultural processes which form part of the explanation for rising top income and wealth shares.

Defining income and wealth

Research on economic inequality is most often concerned with monetary inequality. Economists distinguish between monetary and nonmonetary inequality. While the former is “associated with the economic activity of an individual or a household (earnings, income, consumption expenditures, and wealth)”, the latter “addresses broader dimensions of economic life such as well-being or capability” (Atkinson and Bourguignon, 2015, p. xxi). Economic inequality is intrinsically important because it “violates principles of social justice” (Atkinson and Bourguignon, 2015, p. xvii). In addition, the level of economic inequality in a society can have negative consequences; including higher crime, health problems, and mental illness, lower educational achievements, social cohesion and life expectancy (Stiglitz, 2012; Pickett and Wilkinson, 2010). Economic inequality, “the unequal distribution of financial resources within the population” (Orton and Rowlingson, 2007b, p. ix), can refer to both unequal endowments of wealth and differences in incomes. Conceptually, income and wealth “are important for identifying and understanding the 1 percent but are often not distinguished carefully in academic writing or public discourse” (Keister, 2014, p. 16.2).

In the literature, the focus of research on monetary inequality has typically been on *income inequality* (Salverda et al., 2009). It is necessary to further distinguish between income[17] and earnings; whereas income is generally measured on a total household basis, earnings are typically considered on an individual basis (Atkinson and Bourguignon, 2015)[18]. Earnings refer to individual wages and constitute only a part of income (Ibid.)[19] whereas income is “the sum of income from labor and income from capital” (Piketty, 2014, p. 242). Further, capital income includes rents, dividends,

[17] “Income may be defined in a variety of ways: post tax (or disposable) income, pretax income allowing for deductions, such as interest paid (confusingly, this is often called “net income” in official statistics), or pretax income before deductions” (Atkinson and Bourguignon, 2015, p. xxxiv).
[18] These are covered by two largely separate literatures (Salverda and Checchi, 2015).
[19] Williams (2011, p. 39) distinguishes between income inequality (including pay from employment and other sources of income) and wage inequality, noting that “other sources of income include income from property, shares, investments, and the like”.

interest and realized capital gains (Alvaredo et al., 2013). Depending on the source from which income originates, there can be different implications for well-being (Keister, 2014). Therefore, the distinction between income from labour and income from capital is important for my thesis.

In addition to income inequality, inequalities in *wealth* are an important aspect of this research because of wealth's increasing importance compared to income, its highly unequal distribution and its ability to generate capital income which creates additional wealth (Hills and Bastagli, 2013; Piketty, 2014, p. 25). The accumulatory nature of wealth is fundamental for the analysis of social class (Savage, 2014) and for perceptions of inequality. From a Bourdieusian (1986) perspective capital income is important, due to the free time it provides to owners of wealth who can focus on accumulating cultural or social capital instead of labouring. The lives of landowners and capitalists, whose incomes from rents, profits and dividends were analysed by classical economists, alongside incomes from labour, were therefore very different from that of labourers (Atkinson, 2015; Sandmo, 2015). Further, the accumulated stock of wealth is a key economic resource related to political power at the top of the distribution (Salverda et al., 2009; Gilens and Page, 2014). Wealth is associated with inequality of income, gender and 'race' (Piketty, 2014, p. 158), educational attainment (Hills and Bastagli, 2013), occupational opportunities and social influence (Keister, 2014). Hence, focusing solely on income (or earnings) inequality reveals only part of the story (Salverda et al., 2009; Hills and Bastagli, 2013). Consequently, research which narrowly focuses on attitudes towards income inequality therefore only addresses one part of perceptions towards economic inequality, a limitation which I seek to address.

Whereas income is a flow over a specified time frame (usually annually), wealth is a stock measured at a given point in time (Atkinson and Bourguignon, 2015). Private "wealth is usually measured as net worth (total household assets[20] less total liabilities and debts)" (Keister, 2014, p. 16.3). Wealth can also include private and public pension rights (Hills and Bastagli, 2013; Cowell et al., 2016). National wealth

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[20] "Assets include real assets (e.g., the home or primary residence, other real estate, business equity, vehicles) and financial assets (e.g., transaction accounts, certificates of deposit, bonds, stocks, mutual funds, retirement accounts). Debts include mortgages, consumer debt, student loans, and other liabilities." (Keister, 2014, p. 16.3).

consists of private wealth and public wealth; in most countries private wealth accounts for nearly all of national wealth (Piketty, 2014, p. 145). I use capital and wealth interchangeably following Piketty, acknowledging that there are critics of this approach (Stiglitz, 2015a; Stiglitz and Kanbur, 2016). Piketty (2014, p. 45) defines capital as "the sum total of nonhuman assets that can be owned and exchanged on some market". Capital can be seen as a measure of control over resources (Stiglitz and Kanbur, 2016). Hence, wealth is of fundamental importance for this thesis.

The unequal distribution of wealth, and in particular financial wealth, results in a concentration of capital income at the very top. Considering financial wealth is particularly important for understanding wealth concentration because it is even more highly concentrated than real assets (Keister, 2014). "Financial wealth is total financial assets, a measure of relatively liquid assets such as stocks and bonds that, for most households, refers to nonhousing wealth" (Keister, 2014, p. 16.3). At the very top of the wealth distribution however, property forms part of investment portfolios (Glucksberg, 2016b). As I will demonstrate, wealth and income from capital are important for participants' conceptualizations of richness and perceptions of inequality.

Relationship between inequality of (labour) income and inequality of wealth

It is important that a careful distinction between income and wealth inequality, and the interaction between the two, is drawn. Wealth and income are inextricably linked, and not just via capital income. As Hills et al. (2013b, p. 220) explain: "Inequalities of wealth and savings are a product of inequalities in annual incomes, as well as one of the factors feeding into them". Inequality of labour income and inequality of capital ownership interact; for instance rising inequality in labour earnings can lead to increased wealth concentration (Piketty, 2015). At the *household or individual level*, there is a positive relationship between income and wealth. Those with higher incomes tend to have more wealth and vice versa. Keister (2014) estimates that US total household income and total household net worth have been correlated at about 0.50 to 0.60 between 2001-2010[21]. Recent research on the joint distributions of income and wealth by Cowell et al. (2016, p. 3) highlights the importance of "interactions between increasing top income shares and the concentration of wealth and income from wealth

[21] Using data for 2001, 2004, 2007 and 2010.

towards the top". Hence, the relationship between income and wealth is particularly relevant at the top of the distributions (Ibid.).

The top deciles or percentiles are not the same for the distributions of labour income and capital ownership (Piketty, 2015, p. 73). In some societies

> … the top shares of income and wealth might be highly correlated, while in other societies they may represent entirely different social hierarchies (as in traditional patrimonial societies). The extent to which these two dimensions of inequality differ give rise to different representations and beliefs systems about social inequality […] (Ibid.).

My findings show that a majority of participants view income inequality as resulting from differences in merit as predicted by Piketty (Savage, 2014). I find that even though top incomes are viewed as more deserving than top wealth shares, wealth is nevertheless seen as deserved if it is derived from income. Wealth is perceived as particularly deserved if derived from entrepreneurship; "wealth creators" are admired. Participants do not draw moral distinctions between top managers and rentiers, who derive income from capital (contrasting with Piketty, 2014). While inherited wealth is mentioned as undeserved if accumulated over generations, participants generally aim to provide an inheritance for their children.

At the *national level*, capital became more dominant relative to income in the United States, the United Kingdom, Germany and France (Piketty and Zucman, 2014; Piketty, 2014, p. 25). By benchmarking the different kinds of capital (private and public) against national income (Savage, 2014), Piketty (2014) highlights the persistence and recent resurgence of capital since the 1970s, as well as an increase in private capital. Piketty (2014, p. 164) shows that in Britain, national capital today represents approximately five or six years of national income. This capital/income ratio is only slightly less than it was "in the eighteenth and nineteenth centuries and right up to the eve of World War I (about six or seven years of national income)".

The way Savage conceptualizes Piketty's (2014) work on capital/income ratios for sociological theory is of key importance for my research. Savage (2014, p. 595) argues that Piketty's tracing of the evolution of capital/income ratios is of profound theoretical and empirical interest for sociologists as it "allows a way of investigating the 'inheritance' effect, 'the power of the past' and ultimately, the relationship between 'structure' and 'agency'". With this argument, Savage (Ibid, p. 597) opens up an important space for a critique of "epochalist thinking" including social theory which proclaims to have shifted "variously, to a globalized, post-modern, neo-liberal, informationalized, cosmopolitan" world order. Piketty's work which highlights that in Britain the capital/income ratio was high from 1870 until World War I, after which it fell until the resurgence post 1970, shows that when controlling for economic growth, the recent decades have not been marked by deep and profound epochal change but in fact, "we are reverting to much older patterns" (Savage, 2014, p. 598). In addition to accumulated capital representing the past, I argue it also represents the promise of future capital income and therefore security and time. Participants in my sample refer to "the freedom" that capital provides. They aim to free themselves from the strains of the market through capital accumulation. I argue that a 'decommodified' social class can exert an exceptional level of control over their time as well as the time of future generations.

Measuring economic inequality: Distributional statistics

I will now return to the economics literature. Measuring economic inequality is "never neutral" and economists have shown how the choice of measurement will determine the aspect of inequality that gets analysed (Palma, 2011; Piketty, 2014, p. 269). Researchers working on inequality need to make a multitude of choices including whether wealth or income is measured[22], whether income inequality incudes income from capital, what time period and region is chosen (for instance inequality in a city, country, or globally (Anand and Segal, 2017; Milanovic, 2016)), which data set is consulted (such as survey data or data from tax records) and between whom inequality is measured (households, individuals who are working, all individuals). Measurement requires assumptions[23].

There is a range of distributional statistics available for analysing the distribution of income and wealth. The choice of statistic will affect which part of the distribution gets highlighted. As discussed, inequality is often studied with a focus on

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[22] Or income and consumption, which I do not address in this thesis (Morelli et al., 2015).

[23] For instance, in much work on income inequality at the household level, it is assumed that income is distributed evenly among the household (Atkinson and Bourguignon, 2015); a problematic assumption from a feminist perspective.

poverty[24], but there are also measures of overall inequality, and more recently researchers have focused at the top of the distribution. Percentile ratios focus on specific aspects of the distribution. For instance, the P90/P10 ratio measures the ratio of income at the ninetieth percentile to that at the tenth percentile (McCall and Percheski, 2010)[25]. Percentile ratios such as the P90/P10 and P90/P50, also referred to as interdecile ratios, "represent "high" income levels (from the 90th percentile of the distribution in this case) as some multiple of "low" income (the 10th percentile of the distribution) or "middle" income (the median)" (Morelli et al., 2015, p. 621). These ratios which often appear in official reports on inequality, most notably the P90/P10, completely "ignore[] the evolution of the distribution beyond the ninetieth percentile" (Piketty, 2014, p. 266). Hence, Piketty argues that "the methodological decision to ignore the top end is hardly neutral: the official reports of national and international agencies are supposed to inform public debate about the distribution of income and wealth, but in practice they often give an artificially rosy picture of inequality" (Piketty, 2014, p. 268).

Distributional statistics which summarize the whole distribution in one number include the Gini coefficient and the Atkinson index[26]. The Gini coefficient is visually represented as "the ratio of the area between the Lorenz curve and the perfect equality line divided by the total area below the perfect equality line". Meanwhile, the "Lorenz curve is a graphical representation of the cumulative distribution of income" (Morelli et al., 2015, p. 620). Similarly, the Atkinson index also summarizes the whole distribution, however its advantage is that it "can be decomposed to identify different groups of income sources making different contributions to inequality" (Morelli et al., 2015, p. 621).

The issue with using the Gini coefficient[27], "one of the more commonly used synthetic indices of inequality" (Piketty, 2014, p. 266), is that it appears to be summarizing all there is to know about inequality and is hence over-aggregated and unspecific. Using only the Gini coefficient to measure "changes over time carries the

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[24] Poverty measures include absolute, relative and anchored poverty (Morelli et al., 2015). There are also poverty gaps.
[25] There is also the variance (Salverda and Checchi, 2015).
[26] There are also generalized entropy measures, including Theil's T and Theil's L (World Bank, 2005).
[27] The Gini coefficient is "named for the Italian statistician Corrado Gini (1884-1965)" and "by construction, it ranges from 0 to 1: it is equal to 0 in case of complete equality and to 1 when inequality is absolute, that is, when a very tiny group owns all available resources" (Piketty, 2014, p. 266).

risk of missing some important changes 'inside' the income distribution" (Tóth, 2014, p. 12). As the coefficient is more sensitive to changes occurring around the middle of the distribution rather than within the tails, important information of where inequality is changing, such as increases in top income shares, will not be obvious (Ibid.). Hence, it is questionable "how useful the Gini index is as an indicator of overall income inequality", as the index best reflects distributional changes in the middle of the distribution, where they "are least likely to occur" (Palma, 2011, p. 105). Therefore, to research inequality between the bottom and the middle of the hierarchy, as well as between the middle and the top, or between the top and the very top, it is preferable "to analyze inequalities in terms of distribution tables indicating the shares of various deciles and centiles in total income and total wealth" (Piketty, 2014, p. 266). This is because the Gini does not tell us which part of the distribution contributes most to inequality; distribution tables on the other hand allow us to compare the different parts of the distribution.

Recent research by economists Anthony Atkinson, Thomas Piketty and several dozen colleagues has compiled and analysed historic data on the evolution of the distribution of income and wealth (Alvaredo et al., 2017). They provide distribution tables, specifically the shares taken by the top of the distribution. The focus is on the shares of the top decile, the top 1 percent, and top 0.1 percent. Finally, there are also inequality statistics which are ratios derived from distribution tables. The S80/S20 represents a ratio of the shares of total household income received by those in the top quintile of the distribution and those in the bottom quintile. Similarly, the Palma Index (Palma, 2011) "divides the share of income held by the highest 10 percent of the distribution by the share of income received by the lowest-income 40 percent of the distribution" (Morelli et al., 2015, p. 621).

Justifying the focus on top incomes and wealth

The choice of using top income and wealth shares as a measure for economic inequality is justified for my research because these measures provide a good indication of the situation at the top of the respective distributions (Keister, 2014). Further, top wealth shares have increased (Piketty, 2014, p. 344), top income shares have increased substantially in Anglo-Saxon countries since the 1980s (Cowell et al., 2016) and the literature on inequality demonstrates that a lot of the change in inequality has been driven by the top of the distribution (Morelli et al., 2015). Increasing top income shares "raises concerns about the social inclusiveness of economic growth" (Morelli et al., 2015, p. 651) and may be socially, politically and economically damaging (Stiglitz 2012). Further, "[t]op incomes represent a small share of the population but a very significant share of total income and total taxes paid" (Atkinson et al., 2011, p. 3). The increasing shares of income and wealth accounted for by the top 1 percent have attracted considerable political interest (Gilens and Page, 2014) and shifted the issue of inequality from poverty to the rich. My study includes an analysis of participants' views towards overall inequality, but the focus is on their views of top income and wealth shares. Hence, I study how those situated at the top perceive inequality as measured by the shares held by the top 1 percent of the distribution, which includes themselves.

There is considerable political debate regarding whether primacy should be given to the reduction of inequality or (absolute or relative levels of) poverty. This debate is taken up in the literature, as well as by the participants of my study. I argue that it is misguided to consider poverty, inequality as measured by the Gini, and top income shares as completely separate phenomena; they are different aspects of the same distribution. Top income shares are an aspect of the upper tail of the distribution, poverty is an aspect of the lower tail of the distribution (Tóth, 2014), and the Gini and other summary statistics measure the distribution overall. Hence, there is a positive relationship between top income shares and other measures of inequality which capture the overall distribution (Morelli et al., 2015) and between these measures and poverty (Karagiannaki and McKnight, forthcoming). Morelli et al. (2015) show that there is a strong correlation between relative poverty and inequality across 38 nations[28] (the correlation is over 91 percent, see also Karagiannaki and McKnight, forthcoming). Comparing the trajectories of 30 countries over 30 years, Nolan et al. (2014) however demonstrate that the relationship between poverty and inequality differs between countries; in some they run parallel, in other countries a rise in inequality is accompanied by falling or unchanged poverty (Tóth 2014). In the UK, large increases in top incomes coincided with efforts to reduce poverty (Ibid.), which may be due to

[28] The data for this study is from the Luxembourg Income Study (LIS) using the Gini coefficient for DHI.

the legacy of New Labour's policies which focused on reducing poverty rather than inequality (Joyce and Sibieta, 2013).

Increasing top income and wealth shares mean that *relatively* speaking, there is less income or wealth available for the rest of distribution. My study investigates how those at the top of the distribution perceive these distributional changes. By focusing on top income and wealth shares as a measure of inequality, I analyse how the rich perceive the turning of the tables in the social sciences. Specifically, how do they see the shift away from conceptualizing the problem of inequality predominantly as the problem of poverty to one which includes the rich? I discuss these questions in *Chapters 4, 5* and *8*.

Measurement and data issues

Household income distribution data is derived from national household surveys and registers, while top income data is usually based on taxable income and income tax units. The advantage of administrative data of tax records is that they are less affected by survey data issues including "sampling errors, which depend on the size and structure of the sample, and nonsampling errors caused by non-response and underreporting" (Morelli et al., 2015, p. 601). As a result, "the upper tail of the income distribution tends to be unsatisfactorily covered in sample surveys, unless the rich are oversampled and reporting errors are minimized" (Ibid.). Therefore, the literature on top incomes relies on data from administrative archives, including income tax records (Atkinson and Piketty, 2007). However, there are also data issues with income tax records "including the incomplete coverage of those with incomes below the tax threshold, inability to adjust for household size, and the tendency to underreport certain types of income" (Morelli et al., 2015, p. 601). Data from income tax records is based on market income (which excludes transfers), whereas national survey data allows accounting for redistribution (and household composition) as it is possible to compute equivalized disposable household income (DHI) after taxes and transfers. As data is derived from national income tax statistics, the trends in top income shares which I will discuss are typically based on tax-paying units. One household can include multiple tax units (as in the UK the tax-paying unit is the individual). Recently, scholars have begun to bridge the divide between top income and household income distribution data seeking to combine the advantages of both data sources (Jenkins, 2017).

Wealth inequalities are even more difficult to measure, because there are few wealth taxes which could provide administrative data regarding the top of the distribution[29]. Further, while estimates based on inheritance tax data provide better coverage of the top of the distribution, they may "be incomplete for the bottom and middle of the distribution" (Hills and Bastagli, 2013, p. 3). At the same time, surveys including the Wealth and Assets Survey (WAS) or the British Household Panel Survey (BHPS), do not provide a complete picture of the very top of the distribution (Ibid.) In addition, cross-country differences in national household surveys and tax records mean that it is impossible to achieve full comparability across countries (Morelli et al., 2015). Hence, the study of the concentration of wealth is very challenging. Data sources about the distribution of wealth are insufficient, but "the method that infers wealth from the resulting income flows, the income capitalization method developed by Saez and Zucman (2014), produces probably the most reliable estimates we have" (Piketty, 2015, p. 84). Therefore, it is important to recognize that data on top wealth shares are estimates. Research by Alvaredo et al. (2015) show that Piketty's findings on wealth inequality in the UK may have been overestimated. Further, the findings by Saez and Zucman (2014) show that the recent rise in US wealth inequality is higher than Piketty (2014) estimated. Even though progress is being made in measuring wealth inequality, the data are seriously incomplete and require significant investment for researchers to be able to draw reliable conclusions from them (Alvaredo et al., 2015; Cowell et al., 2016).

Situating the case of the UK in the international context: Gini coefficient, ratios, top incomes and top wealth shares

I will now briefly situate the UK in the international context, referring to data on the Gini and other summary statistics of income inequality, followed by a discussion of the evolution of top income and wealth shares. In a literature review of inequality in rich and middle income countries (from 1970 until 2010/11), Morelli et al. (2015) find that the US and the UK, as well as Israel, are among the most unequal of the rich nations. In 2010/11, the level of inequality as measured by the Gini was 0.33 in the UK, with

[29] This is why in his book, Piketty (2014) presents data on wealth inequality for only four countries (France, Britain, Sweden and the US).

similar levels in Australia and Canada[30]. By contrast, in the Nordic (Sweden, Norway, Denmark and Finland) and Benelux countries (Belgium, Netherlands, and Luxembourg), it was between 0.23 and 0.28. These countries have the least unequal income distribution, as do Austria and some Eastern European nations.

When ranked based on the S80/S20 interquartile share ratio and the P90/P10 interdecile ratio, there are similar country rankings to that of the Gini coefficient. In the UK, these numbers were 5.3 and 4.0, respectively (for comparison, these numbers were 7.9 and 6.1 in the US)[31]. This means that in the UK in 2010/11 the average income of a household situated *in* the top quintile was approximately 5 times higher than the average income of a household in the bottom quintile. At the same time, a household situated *at* the 90th percentile of the distribution had an income which was approximately 4 times higher than a household *at* the 10th percentile. The Palma Index (S90/S40) was 1.56 (Morelli et al., 2015), meaning that the share of income received by the highest decile was just over one and a half times higher than the share of income for the lowest 40 percent of the distribution[32]. Using the Palma Index, the rank order of countries is very similar to those obtained using more common statistics. Hence, using the Gini index, interquartile shares, interdecile ratios and the Palma Index, inequality in the early 2010s in the richest EU and OECD countries was highest in the US, Israel, Spain, Japan, Australia and the UK (Morelli et al., 2015).

Since the 1970s[33], income inequality as measured by the Gini coefficient increased in most rich countries[34] (Morelli et al., 2015). The US and the UK in particular "experienced large increases in inequality in the late 1970s and 1980s and modest increases in the second half of the 1990s[35] [however] in both countries the level of inequality in 2010 was similar to the levels experienced in the early 1990s"[36] (Ibid.

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[30] This data is from EU and OECD country summary statistics and rankings and refers to equivalized DHI (Morelli et al., 2015).
[31] This data is for equivalized DHI and from Eurostat.
[32] This data is from Morelli et al.'s (2015) analysis of LIS project data using equivalized DHI.
[33] Atkinson (2015) demonstrates that inequality in income in the US has increased earlier.
[34] At the same time, there have been improvements in gender and 'racial' equality (Khan, 2008).
[35] The US had the highest levels of inequality in 1970 and in 2010; although there is substantial divergence in the inequality trends in Anglo-Saxon countries (US, UK, Ireland, Canada and Australia) (Tóth, 2014).
[36] This data is from equivalized DHI data from OECD and statistical agency data; as well as from The Chartbook of Economic Inequality (see Morelli et al., 2015). In other countries (including Canada, the Nordic countries, and Germany), inequality increases occurred later; in the 1990s and early 2000s (Morelli et al., 2015).

p. 619). On the basis of the Gini coefficient, it appears that inequality in the United Kingdom has levelled off since the early 1990s after substantial increases during the Thatcher years. However, looking at top income shares, inequality increased between 1990-2010 (Piketty, 2014, p. 315). Looking at cross-national trends shows that despite 40 years of mostly rising inequality, the rank ordering of countries according to their inequality level remains unchanged (Morelli et al., 2015). The UK is an exception because its distribution of income was among the least unequal countries in the mid-1970s but moved to become one of the most unequal since the early 1990s.

I now situate the case of the UK in the international context, focusing on top income shares. Research on top incomes highlights a remarkable pattern of change in income inequality in most rich countries (Bogliacino and Maestri, 2014). Top incomes "tend to increase everywhere, even where overall inequality is seen to be stable" (Tóth, 2014, p. 12). Research by Atkinson et al. (2011) showed that over the last 30 to 40 years, top income shares have increased substantially in Western English speaking countries as well as in India and China, but increases in continental European countries and Japan have been more modest. Top income shares in the UK have risen more sharply than on continental Europe between the late 1970s and 2012; though to a lesser extent than in the US[37].

In the UK the share of the top 1 percent in total income increased from 5.9 percent in 1979 to 13.9 percent in 2014 (Alvaredo et al., 2017). While the share of the top 1 percent increased strongly throughout the 1980s and 1990s, it was about as high in 2014 as it was in 2000 (when it was 13.5 percent; Alvaredo et al., 2017). In the period following the financial crisis, top incomes shares have decreased from 15.4 to 12.7 percent (2009-2012)[38]. This seems to be temporary as top income shares may quickly return to their expected, upward path (Morelli et al., 2015). Even a major crisis like the financial crisis in 2007/2008 will not reverse the increasing trend in income concentration at the top unless strong changes are made in the political and institutional

[37] In most Anglo-Saxon countries, a significant portion of these gains is due to an unprecedented rise in top wage incomes leading to a shift towards the 'working rich' (Atkinson and Piketty, 2007).

[38] Recent data maybe skewed by the increasing ability of the wealthy to hide their wealth and capital income in tax havens (Zucman, 2015). At the same time, capital incomes may have been affected by lower interest rates over the period. Even though top income shares are based on pre-tax figures, net top income shares should have risen too due to decreases in top income marginal taxes rates (Bogliacino and Maestri, 2014) and because governments are less likely to be taxing capital and capital income (Nolan et al., 2014).

framework (Ibid.). Top income shares offer a better understanding of the post 1970s income distribution and challenge economists' conventional explanations of rising inequality (Morelli et al., 2015). I will turn to these explanations in the next section, highlighting the contribution of my study.

Wealth has historically been, and still is, more concentrated than income (Piketty, 2014). The concentration of wealth "was high in the eighteenth to nineteenth centuries up until the First World War, dropped during the twentieth century, but has been rising again in the late twentieth and early twenty-first centuries" (Atkinson and Bourguignon, 2015, p. i). Hence, the decades of low inequality after World War II were a historic exception. As estimated by Piketty (2014, p. 344), in 2010 in the UK the share of the top 1 percent of total wealth was approximately 28 percent and the share of the top 10 percent of wealth was approximately 70 percent, while in 1970 the respective figures were 23 and 64 percent. As data about the UK concentration of wealth after 2000 are "seriously incomplete" Alvaredo et al. (2015, p. 20), top wealth shares can only be approximated. More recent estimates by Alvaredo et al. (2015, p. 19), which are also based on 'estate-based estimates' (official HMRC estimates using estate tax data), "allowing for under-statement of concentration", "suggest that the share of the top 1 percent is between a fifth and a quarter of total personal wealth". To sum up this section, wealth is much more concentrated than income; however, income inequality has increased more steeply since the 1980s than wealth inequality.

Explanations for increases in wealth inequality

There is a lot of debate about what explains the evolution of income inequality, and some debate about explanations for changes in wealth inequality. I will start by discussing the latter, followed by reasons for increasing income inequality, particularly at the top of the distribution. I will argue that my study contributes to the literature on reasons for the increase in top income shares, by focusing on 'social norms' and the cultural processes of what level of inequality is seen as acceptable. Even though inequalities of income and wealth feed into each other, the reasons for increasing wealth inequality are different from those of increasing income inequality (Piketty, 2015).

In Britain, wealth inequality declined dramatically from 1910-1970 and slowly increased again from 1980-2010. Referring to international historic data, Piketty (2014,

p. 15) posits that institutional changes and political shocks played important roles in the distribution of wealth in the past, including the effects of the World Wars and policies such as progressive income taxation. An important factor for studying *wealth inequality* is the relationship between *r* and *g*. Piketty (2014, p. 571) argues that the private rate of return on capital, *r*, can be significantly higher for longer periods of time than the rate of growth of income and output, *g*, and that this difference has important implications for wealth inequality. He terms this the central contradiction of capitalism and argues that this

> … inequality r > g implies that wealth accumulated in the past grows more rapidly than output and wages. This inequality expresses a fundamental logical contradiction. The entrepreneur inevitably tends to become a rentier, more and more dominant over those who own nothing but their labor. Once constituted, capital reproduces itself faster than output increases (Piketty, 2014, p. 571).

This inequality may lead to an 'endless inegalitarian spiral' if no intervention such as a progressive annual taxation of capital is introduced (Ibid.) Piketty (2015) stresses that this inequality, $r > g$, is not the only factor relevant for the study of wealth inequality and that it is certainly not useful for studying inequality of labour income.

Based on his historical analysis, Piketty (2014; 2015, p. 79) 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". Piketty (2015) acknowledges that $r > g$ as a tool to study changes in the distribution of wealth needs to be seen alongside institutional changes and political shocks. In fact, it is the interaction between the $r > g$ effect and the institutional and public policy responses which are important for the distribution of wealth. Piketty's analysis of wealth inequality is important because it highlights the tendency of wealth to concentrate and for wealth inequality to increase unless policies are in place to address this issue.

Explanations for increases in income inequality, specifically top income shares

I will now turn to the reasons for the recent rise in top incomes, highlighting my concerns with analysing the social norms of what level of inequality is acceptable to those at the top (Piketty, 2014, p. 331). I address the cultural processes, specifically evaluative processes, such as performance pay, which participants narrate as important for the production of top incomes. The evolution of inequality “is shaped by the way economic, social, and political actors view what is just and what is not, as well as by the relative power of those actors and the collective choices that result” (Piketty, 2014, p. 36). Therefore, the views of top income earners are important; not only because they have disproportionate economic as well as political power (Gilens and Page, 2014; Nolan et al., 2014; Laurison, 2015), but also because they are in a position to determine others’, and in some cases even their own, high pay (Piketty, 2014, p. 330). Hence, top income earners influence the concentration of income, demonstrating the importance of studying their views on what level of inequality is acceptable.

The literature on explanations for rising income inequality includes considerable debate regarding the causes of and potential remedies for inequality (Bogliacino and Maestri, 2014; Alvaredo et al., 2013; Atkinson, 2015). Researching the factors which explain variation in income inequality across countries is a major challenge (Tóth, 2014), and studies on the evolution of top income shares present a challenge for conventional explanations (Morelli et al., 2015). The literature includes two main strands of thought; one conventional field which focuses on neutral market forces and differences in productivity and another which views economic inequality as socially constructed resulting from political struggle and unequal power relations (Piketty, 2014; Atkinson, 2015; Stiglitz, 2015a). The former is part of the mainstream economics literature and includes the conventional explanations for rising inequality, globalization and skill-biased technological change (Morelli et al., 2015). Theories which see inequality as socially constructed are seen as heterodox. They include the argument that a shift to a pro-market policy consensus based on neoliberal ideas led to decreases in top marginal tax rates, and taxes on wealth and inheritance, creating incentives for top incomes, wealth accumulation and the intergenerational transmission of wealth (Atkinson et al., 2011; Bogliacino and Maestri, 2014). Hence, in the traditional economics approach, inequality is an outcome of efficient, neutral market forces (Sandmo, 2015).

Inequality, as conceptualized in this thesis, is ‘socially constructed’, and the result of unequal social relations and political power. Economic activity is social activity, based on social relations between people (Zelizer, 2012). For instance, in his economic analysis of slavery in the US, Piketty demonstrates that capital and what can be considered capital is socially and historically constructed (Savage, 2015b). In this extreme case, human beings were considered to be economic capital. Piketty's work challenged the value-free study of the income distribution by taking a long-run historical approach including politics, institutions, war and slavery. Unsurprisingly, this attracted quite a lot of criticism, in academia (e.g. Mankiw, 2013) as well as in the press[39]. The evolution of inequalities hence depends on how inequalities are perceived in societies and on the institutions and policies which are put in place to tackle them (Piketty, 2014). My research extends on this perspective by exploring how inequalities are perceived by those at the top.

Conventional economic theories of the income distribution, skill-biased technological change and globalization, are based on the neoclassical theory of the marginal productivity of income distribution. I will briefly outline the history of economic thought on the income distribution, discussing the origins of this theory (McGoey, 2017; Stiglitz, 2015a). Highlighting that these traditional explanations do not accurately account for changes at the very top of the distribution (Morelli et al., 2015; Piketty, 2014; Atkinson, 2015), as they cannot explain cross-country variations in top incomes shares, I take a relational, sociological approach and focus instead on politics, policies and ideology, as well as rent seeking, social norms and cultural processes.

<u>The neoclassical theory of the marginal productivity of income distribution</u>

In classical economics the positive study of distribution revolved around the functional distribution of income; rent "was the income of the landowners[40]" (Sandmo, 2015, p. 11). The classical economists were quite interested in rent extraction and questioned the moral legitimacy of wealth accumulation (Sandmo, 2015). Marx's labour theory of value, for instance, posits that the value of a commodity is determined by the socially necessary labour time it takes to produce it, plus surplus value. Marx argued that capitalists derive profits because they exploit workers through appropriating their surplus value (McGoey, 2017). The concern for the morality of wealth accumulation and the distribution of income between landowners, capitalists and workers waned with

[39] The latter included an unfortunate critique by an FT journalist who argued that ONS survey data was a better representation of wealth inequality than Piketty's data based on estate tax data (McGoey, 2017). As Alvaredo et al. (2015, p. 19) explain "household survey data cannot be used on their own to investigate concentration at the top".

[40] The income from landowners was "defined as the rental rate per unit of land times the number of units in the possession of the individual landowner" (Sandmo, 2015, p. 11). According to Sandmo (2015), the most influential theory of rent was outlined in Ricardo's Principles (1817).

the marginalist revolution of the early 1870s which shifted economic theory from classical to neoclassical economics (Sandmo, 2015; McGoey, 2017). The ‘objective’ labour theory of value by Karl Marx was superseded by ‘subjective’ conceptualizations of the value of commodities by the neoclassical economists (McGoey, 2017) in which “commodities are basically worth their market price” (Fourcade, 2011, pp. 1721-1722). Economic theory hence conceptualizes “what people are willing to pay […] as a good enough indicator of the value of things”, creating the idea of money as a metric of worth. This idea is fundamental for analysing perceptions of the distribution of income and wealth as participants conceptualize top incomes as reflecting contribution, measured by increases in the value of capital ‘created’ (Skeggs, 2004a; 2014).

Neoclassical theory is not value free. Theories about the income distribution are always entangled with morality. Skeggs (2014, p. 3) argues that there is “a slippage between value and values”. Historically, there has been an enmeshment between value which “is economic, quantifiable and can be measured [and] is primarily monetized, but as with education, not always” and values, which “are moral, cultural, qualitative and difficult to measure” (Ibid.). With reference to John Dewey’s theory of valuation, Skeggs (2014, p. 5) demonstrates “the ambivalence inherent in the meanings of value/s, for instance, praise, prize and price are all derived from the same Latin word ‘pretiare’ which means to value”. Skeggs’ (2003; 2014) work highlights that this enmeshment is reflected in liberal theory with its ideal of

> Mr Homo Economicus, the representation of the possessive individual of seventeenth century contract theory (which became the Liberal social contract), by which ‘the individual’ was defined through *his* capacity to own property in his person (Skeggs, 2014, p. 7, emphasis in original).

This entanglement between economic value and social values is reflected in the nineteenth century neoclassical theory of the income distribution; though it seeks to be value free, it takes a moral position which benefits those with top incomes and wealth (Skeggs, 2004a).

In the neoclassical perspective, “differences in income are related to differences in the social contributions individuals and the assets that they control make” (Stiglitz, 2015a, p. 30). John Bates Clark, a pioneer of the mariginalist revolution, created a theory of the marginal productivity of income distribution suggesting that the income of both labourers and owners of capital "is directly proportionate to the amount of wealth that they create" (McGoey, 2017, p. 262). Challenging Marx's theory of surplus value, Clark (1899, cited in McGoey, 2017, p. 263) argued that based on a "natural law", "free competition tends to give to labor what labor creates, to capital what capital creates". (McGoey, 2017, p. 263) argues that

> [Clark's theory of the marginal productivity of income distribution] helped to indoctrinate a sentiment that has become entrenched in neoclassical theories of distribution since: the idea that remuneration levels are an accurate reflection of one's economic contribution.

Clark's defence of the profits earned by capital owners eliminated the issue of "rent seeking by positing that under ideal market conditions, rent seeking cannot exist: all proceeds to capital owners are a natural reflection of the economic contribution they have made" (McGoey, 2017, p. 264). Clark's theory is of fundamental importance for my thesis. Firstly, it is part of a tradition upon which the discipline of economics builds for their conceptualization of economic inequality. Secondly, it informs how many participants with top incomes and wealth perceive economic inequality. Clark's theories have been criticized by other neoclassical thinkers, including Paul Samuelson and Joseph Schumpeter, who argued Clark was "conflating a theory of income distribution with a theory of morality" (McGoey, 2017, p. 265). Certainly, opponents of marginalism also critiqued Clark's work and they were influential in microeconomics. However in macroeconomics, Clark's contested theory continues to be taught to this day, influencing students[41], policy makers (McGoey, 2017), economists, and how those with top incomes make sense of top incomes and wealth.

<u>Skill-biased technological change (and globalization)</u>

Two conventional explanations of rising income inequality, globalization and skill-biased technological change, rest on neoclassical theorizations of supply and demand

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[41] For instance, Mankiw's textbook claims "[i]f all firms in the economy are competitive and profit maximizing", "then each factor of production is paid its marginal contribution to the production process" (2013, p. 49 quoted in McGoey, 2017, p. 269f). Hence according to Mankiw's framework, for the marginal worker, "a person's earnings equal the value of his or her marginal productivity" (Mankiw, 2013 cited in McGoey, 2017, p. 270).

and individuals' marginal productivity (Bogliacino and Maestri, 2014). It is assumed that globalization, an unclear and contested concept, reduces the bargaining power of unskilled labour and therefore increases inequality (Bogliacino and Maestri, 2014). As this concept does not account for changes at the top of distribution, it is not further discussed. The concept of skill-biased technological change (Katz and Goldin, 2008; Bekman et al., 1998) is generally accepted among economists as an explanation for increasing wage gaps since the 1980s between more and less-educated workers in developed countries (Hühne and Herzer, 2017). Changes in the relative demand for more educated workers in the twentieth century, driven by technological change which is skill-biased, is argued to have increased the wages of more-educated workers. Specifically, the argument is focused on the interplay between skill-biased technological change, which increases the demand for skills, and the rate of increase in the supply of skills; the 'race' between technology and education (Katz and Goldin, 2008). Hence, increases in wage inequality are explained by the relative skills or "scarce and unique talents" of those at the top, which enhanced their marginal productivity (Kaplan and Rauh, 2013, p. 52). Therefore, differences in income are argued to be resulting from the neutral market forces of supply and demand, a theme common in my interviews.

The issue with skill-biased technological change is that it cannot explain the evolution of top income shares, and it is precisely changes at the top of the distribution which contributed to increases in income inequality in rich countries[42] (Piketty, 2014, p. 313; Stiglitz, 2015b; Morelli et al., 2015). Firstly, skill-biased technological change does not account for capital and capital income (Atkinson, 2015). Secondly, "[t]op labour incomes have not risen much more rapidly than average wages simply because unique skills and new technology have made these workers much more productive" (Piketty, 2014, p. 314). This is because individuals situated at the upper end of the income distribution are generally highly educated, and not just those at the very top. Hence, education and skills cannot account for the vast wage differences between those at the top, and those at the very top (see Stiglitz, 2015a). Further, the skill-biased technological change argument is difficult to sustain given cross-national data which

[42] Particularly in the US (Piketty, 2014). However, increases in inequality have not only occurred in top income shares. For instance, in the UK, the 90:10 ratio also increased in the 1980s (while top shares continued to rise until 2008) (Hills et al., 2010; Morelli et al., 2015).

demonstrates that very high wage increases at the top of the distribution are an Anglo-Saxon phenomenon (Ibid.). This finding points towards the importance of accounting for cross-national differences in politics and policies, and associated cultural differences, and country specific social norms.

Politics, policies and ideology

Previous research demonstrates the importance of *politics and policies* for rising inequality levels since the 1980s. Policies include lowering marginal tax rates for high earners, reductions in taxes on capital and capital income, removal or reductions in inheritance tax and reductions in social policies (Nolan et al., 2014). Changes in taxation policy (specifically lower marginal tax rates for top incomes) are argued to have contributed specifically to the international rise of the income shares of the top 1 percent. Empirical evidence for this claim demonstrates that top tax rates are strongly negatively correlated with the evolution of pre-tax income concentration (Alvaredo et al., 2013). However, commentators such as Mankiw (2013) argue that taxes can distort incentives, hence falling top tax rates may have stimulated entrepreneurial potential and the hard work of exceptionally talented individuals. In this scenario falling top tax rates increase both pre-tax shares at the top and overall GDP making the rise in top income shares both predictable and not undesirable. Alvaredo et al. (2013. p.11) acknowledge this supply-side argument; however they argue that a lack of correlation between cuts in top tax rates and growth rates in real per capita GDP across countries provides evidence for the story that falling top tax rates have led to rising pre-tax top incomes "due to increased bargaining power or more individualized pay at the top, rather than increased productive effort".

Changes in policies and tax rates are based on political changes. In the US, the liberal market economy with the highest increase in top income shares, inequality was an outcome of political change (Stiglitz, 2012; 2015b). Political changes, including shifts in the US Congress to the Republican Party, a decline in labour unions and lower tax rates on high incomes in the US contributed significantly to the increased income share accrued by the top 1 percent of tax units (Volscho and Kelly, 2012). This research which highlights the importance of politics and policies provides evidence that inequality is socially constructed.

It is important to consider the ideology which underpins political changes in the US, including financial deregulation and large cuts in top marginal tax rates which have contributed to rising income inequality (Alvaredo et al., 2013). Between the 1980s and 2000s there has been a liberalization in many markets associated with what is termed 'neoliberal' ideology (Bogliacino and Maestri, 2014). Economic and political ideology shifted from Keynsianism towards a laissez faire approach (Wisman, 2013). It is argued that the very rich increased not only their share of income and wealth, but also their command of ideology, because of their increased access to "more resources with which to influence public opinion and policy" (Ibid., p. 936). Over the three decades prior to 2008, the dominant ideology included the core belief that increasing inequality is either not relevant or a necessary by-product of economic growth. The idea was that "if everyone is becoming materially better off, the size of shares is unimportant" (Ibid., p. 940). This view, rooted in neoclassical economics, is relevant for my study as many participants refer to this idea.

Rents

Related to arguments on cross-country differences in politics and policies, Weeden and Grusky (2014) argue that a potential reason for vast increases in inequality in liberal market economies is increases in rent seeking at the top of the distribution, specifically occupational, educational, managerial and capital rents. Their argument challenges much theorizing on 'liberal market economies' (Hall and Soskice, 2001, p. 8), which argues that it is unfettered market competition in these countries which drives up inequality. Theorizing rents as an explanation for rising inequality requires the acknowledgement that inequality is the result of unequal social relations, social power, exploitation and political struggle (Skeggs, 2004a; Stiglitz, 2015a). In this perspective, high pay can result from rent seeking, in contrast to neoclassical theory where rents do not exist (McGoey, 2017).

Recently, scholars have started to focus on rents as an important explanation for rising inequality. Social scientists have argued that a theory of and tools for measuring rents are necessary to understand growing inequality (Weeden and Grusky, 2014; Stiglitz, 2015a; Stiglitz and Kanbur, 2016; McGoey, 2017). A dominant contemporary definition is rent "as returns on an asset (e.g. labour) in excess of what is necessary to keep that asset in production in a fully competitive market" (Weeden and Grusky, 2014, p. 474). Weeden and Grusky (2014) for instance refer to capitalist rent, defined as the part of capital gain which previously went to workers. Due to the absence of a theory on rents in neoclassical economics, it is unclear which part of capital gains is rent seeking and which is not. Rents, for Stiglitz (2015a, p. 3) include “land rents, exploitation rents[43], and rents on intellectual property”. For instance, Stiglitz argues that monopoly rents may have played an important role among the Forbes 100 (Ibid.). Another example of how rent seeking may contribute to inequality is that the highest paid CEOs were able to increase their executive pay beyond market efficiency (DiPrete et al., 2010).

Social norms and cultural processes at the top of the distribution

Taking a relational approach to top incomes, I argue that it is top earners who set pay, rather than the forces of supply and demand of a neutral market[44] (Zelizer, 2012). Hence, addressing the views at the very top of the distribution by investment bankers, (hedge) fund managers, owners and executives of financial companies and barristers, are important. Many participants not only earn top incomes, but also set the top incomes of others based on beliefs about the economic contribution of individuals (Piketty, 2014, p. 23). I chose my sample because the “vast majority of top earners are senior managers of large firms” (Ibid.) and financial sector workers[45] (Bell and Van Reenen, 2013), and because much of the increase in pay at the top of the US (Wójcik, 2012) and UK income distributions is due to the financial sector and in particular bankers’ bonuses (Bell and Van Reenen, 2014). The financial sector is a significant contributor to inequality (Atkinson, 2014).

As it is impossible to objectively measure top earners’ marginal ‘productivity’, i.e. their contribution to the firm’s output, due to highly imperfect available information (Piketty, 2014), “it is inevitable that [the remuneration and pay setting] process yields decisions that are largely arbitrary and dependent on hierarchical relationships and on the relative bargaining power of the individuals involved” (Piketty, 2014, p. 332). Hence, top incomes are the result of relationships and negotiations between managers,

[43] Exploitation rents “include discrimination, taking advantage of the imperfections in corporate governance laws and of asymmetries in bargaining power between workers and firms, and a variety of forms of exploitation by the financial sector, including market manipulation, insider trading, predatory lending, and abusive credit card practices” Stiglitz (2015a, p. 30).

[44] Though market forces certainly have an effect on pay (Atkinson, 2015).

[45] Financial intermediaries account for the majority of the gains at the top between 1998/1999 and 2007/08 (Bell and Van Reenen, 2013).

their hierarchical superiors, executives, corporate compensation committees[46], staff, investors and other stakeholders including shareholders[47] (Ibid.). These actors share an incentive to agree on high incomes and view their marginal productivity favourably (Ibid.). My interview data includes narratives of the micro-level social relations and negotiations, which participants explain are important for top incomes. These relations can be theorized as constituting the economic actions that produce top incomes (Bandelj, 2009; Zelizer, 2012). Top incomes result from social relations and negotiations; during which actors rely on shared cultural understandings of evaluation.

The economics literature on explanations for recent rises in top incomes and wealth does not focus on cultural aspects even though some economists argue that social norms may be the ultimate driver of inequality (Piketty and Saez, 2014; see also Atkinson, 1997). An exception is research which addresses cultural changes away from set pay scales towards performance pay, particularly at the top of the distribution (Atkinson, 2015), which has contributed to the increase in top income shares (Lemieux et al., 2009; Atkinson, 2015; Angeles et al., 2016). Angeles and colleagues (2016) show that US multinational corporations exported US-style remuneration practices to other advanced economies via US multinational companies' investments. The authors argue that this explains why top income shares have increased more strongly in liberal market economies than in corporatist countries. In the US in the 1980s and 1990s, major companies adopted inequality-increasing 'meritocratic' remuneration practices, including equity-based pay and performance-related bonuses (Angeles et al., 2016). Politically, equity-based pay was seen as a palatable way to pay high executive remuneration, allegedly aligning executives' and shareholders' interests. Remuneration practices were exported directly through US investments and the introduction of US-style pay practices within the subsidiaries of US multinational companies abroad (Ibid.). These remuneration norms also had an indirect, spill-over effect to other (non-US owned) companies in the same economy; increasing competition for top managers,

[46] The creation of top incomes is also guided by country specific "corporate governance" (Piketty, 2014).

[47] "In some companies, shareholders can vote at annual meetings whether they agree with compensation packages but the number of posts subject to such approval is small, and not all senior managers are covered" (Piketty, 2014, p. 331). Shareholders often include institutional investors (including financial corporations and pension funds) represented by fund managers who also earn comparable salaries to the executives over whose pay they vote on. Bell and Van Reenen (2013, p. 153) however show "that firms with a large institutional investor base provide a symmetric pay-performance schedule, while those with weak institutional ownership protect pay on the downside".

as well as changing cultural legitimization of higher salaries (Ibid.). These effects were strongest in the finance sectors of affected countries (Angeles et al., 2016). My qualitative analysis (*Chapter 4*) shows that economic evaluative practices based on ideas of meritocracy and neutral markets (mainly performance pay and profits) are narrated as legitimizing extremely high pay.

Cultural processes

Even though cultural processes are mentioned by leading economists as potentially important explanatory factors for rising inequality (Atkinson, 1997, p. 199; 2015; Piketty, 2014; Piketty and Saez, 2014), they are often missing in research on inequalities (Lamont et al., 2014; McCall et al., 2014, although see Angeles et al., 2016). Cultural processes are important for how participants make sense of inequality and provide insights into rising inequality. To address cultural processes, I turn to Bourdieu's (1986; 1998; 2010 [1984]) work on how material inequality is reproduced and legitimized by cultural and symbolic distinction, and Fourcade (2011) and Lamont and colleagues' (2014) theorization of the cultural process of (e)valuation. The evaluative practices[48] through which participants make sense of top incomes and wealth are fundamentally based on economic principles, hence I refer to "economic [e]valuation" (Fourcade, 2011, p. 1721).

The reproduction of economic inequality through cultural and symbolic distinction

Bourdieu's research focused on the social relations between dominant and dominated, hence it was not biased towards a focus on the disadvantaged. Bourdieu researched cultural elites (Savage and Williams, 2008) and the French political, intellectual, bureaucratic and economic 'elites' (Bourdieu, 1998). Bourdieu (1986) criticized economists' exclusive focus on the distribution of material resources, which he argued overlooks important aspects of the reproduction of advantage. Nevertheless, he viewed economic capital as at the root of all other capitals (Bourdieu, 1986). Building on Marx and Weber, Bourdieu showed that material inequalities are legitimized by the unequal distribution of symbolic and cultural resources which make the unequal distribution of

[48] Lamont (2012) distinguishes between evaluation and the related evaluative practices, such as ratings and rankings.

economic resources appear natural and based on the talents of the advantaged (see Khan, 2008; 2011). Therefore, Bourdieu's theories are helpful for analysing how 'elites' make sense of their economic advantage.

Material inequality in Bourdieu's framework is reproduced and made sense of through classed cultural and symbolic capital. Bourdieu's conceptualization of class "is based on 'capital' movements through social space" (Skeggs, 1997, p. 8). The social space is "historically generated" and structured "by the distribution of various forms of 'capital[49]'" (Ibid.). Arbitrarily distributed economic, cultural and social[50] capital, legitimized by symbolic capital, reproduce structural class differences (Bourdieu, 1998; 2010 [1984]). Cultural capital is 'embodied', objectified and institutionalized in various ways that make class hierarchies seem 'natural'; legitimized by symbolic capital as a form of power. Bourdieu (1986, p. 49) explains that cultural capital

> … manages to combine the prestige of innate property with the merits of acquisition. Because the social conditions of its transmission and acquisition are more disguised than those of economic capital, it is predisposed to function as symbolic capital, i.e., to be unrecognized as capital and recognized as legitimate competence, as authority exerting an effect of (mis)recognition.

Hence, cultural capital functions as symbolic capital. The same applies to social[51] and economic capital (Bourdieu, 1986; Skeggs, 1997). Symbolic capital "is the form the different types of capital take once they are perceived and recognized as legitimate" (Skeggs, 2004a, pp. 16-17). The acquisition and accumulation of capitals is facilitated and legitimized by 'symbolic' capital. Symbolic capital is, in effect, 'power' based on capital; however symbolic capital is not recognized as capital but as a legitimate demand for recognition, thereby disguising economic and political interests and legitimizing the unequal distribution of resources[52] (Bourdieu, 1986). This process is theorized as misrecognition by Bourdieu. Building on Bourdieu, Khan (2008)

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[49] Building on Marx, Bourdieu (1986, p. 46) argues that "[c]apital is accumulated labour (in its materialized form or its 'incorporated', embodied form)".

[50] Social capital is "linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition" (Ibid., p. 51) and includes 'the old boys' network and titles of nobility.

[51] Bourdieu (1986, p. 46) asserted: "It goes without saying that social capital is so totally governed by the logic of knowledge and acknowledgement that it always functions as symbolic capital".

[52] Note: The accumulation and conversion of capital takes time (Bourdieu, 1986).

concluded that misrecognition (re)produces 'elite' privilege. A focus on meritocracy (Khan, 2011; Sherman, 2017a) allows 'elites' to explain their positions of advantage through hard work and their perceived talents. Khan (2012b, p. 480) argues "what 'groups' ['elites'] is the fact that they have worked hard and gotten ahead; they are the cream that has risen to the top. And by embracing this rather than a class narrative, elites think of themselves as meritocrats". Many of my participants similarly argue that top incomes are meritocratic.

The cultural process of evaluation

The specific cultural process which is fundamental for how those with top incomes make sense of top incomes is evaluation. Based on my interview data, I will argue that participants' perceptions of top incomes are closely related to how they perceive the production of top incomes; specifically, the evaluative practices which determine top incomes. These practices, which include performance pay, are narrated as meritocratic because they are viewed as resulting from neutral, efficient markets, as in neoclassical economic theory of the marginal distribution of income (McGoey, 2017). As discussed, in this theory, economic reward reflects social contribution. My study addresses whether this logic extends to top incomes and wealth, i.e. whether the remuneration of 'supermanagers' (Piketty, 2014, p. 264) or CEOs (DiPrete et al., 2010) is seen a reflection of their economic value or their ability to 'seek rent' (Weeden and Grusky, 2014). This is the subject of intense debate in the social sciences. I find that a majority of participants view top incomes as resulting from the creation of economic value; however, a minority applies different evaluative criteria of social worth and societal contribution. The latter question the legitimacy of economic evaluative processes which produce top incomes.

Many participants explain that "the market" determines top incomes based on merit. The market is conceptualized as a benevolent force. According to sociologists Fourcade and Healy (2007 p. 286), "[e]conomists need no convincing that competitive markets constitute the best possible arrangement for the satisfaction of individual needs and the efficient allocation of resources". These views are based on much earlier arguments by Adam Smith and Leon Walras, respectively (Ibid.). Economic theory, formalized by neoclassical thinking, includes implicit moral assumptions (Fourcade and Healy, 2007; Skeggs, 2004a). Economic discourse and narratives of many participants includes “praise for the moral benefits of market society” (Fourcade and Healy 2007, p. 287). Markets are seen as producing economic and social harmony (Adam Smith), provide personal and political freedom (Hayek), limit economic inequality (Kuznets, 1955) and to unleash creativity by offering incentives for innovation (Schumpeterian creative destruction) (Fourcade and Healy, 2007). Fourcade and Healy (2007, p. 286) term this “the liberal dream” which is in contrast to the Marxist view of “destructive markets” (Fourcade and Healy, 2007, p. 299f). It is important to point out however, that many contemporary economists in the field of distribution have challenged the idea that market forces lead to a reduction in inequality and emphasised the importance of politics, policies and the role of the state (e.g. Piketty, 2014; Atkinson, 2015; De Agostini et al., 2017).

Due to strong beliefs in market outcomes, only 48 percent of participants agree with the statement that it is the government’s responsibility to reduce income difference between the rich and the poor (compared to 69 percent of the general population). However, a slight majority (55 percent) agrees that the government should redistribute income from the better-off to those who are less well off (compared to just 41 percent of the general population), demonstrating that there is some acknowledgement of the role of the state to intervene and reduce gross income inequality. The writing by social scientists (e.g. Hall and Lamont, 2013) who have pointed out that our current period is marked by a “neoliberal” perspective which includes the centrality of market mechanisms, the privatization of risk and the emphasis on self-reliance (and associated explicit moral evaluations) is crucial for understanding participants narratives of top incomes.

Evaluation and other cultural processes are “ongoing classifying representations/practices” 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” (Lamont et al., 2014, pp. 14; 22), in my case the hedge funds, investment firms, asset managers and barristers’ chambers where participants work. A focus on economic evaluation 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 et al., 2014, p. 21). Evaluation requires categorization and may also involve legitimation. These sub-processes are “difficult to differentiate”

(Lamont, 2012, p. 21.6); participants' narratives of categorization are often enmeshed with legitimation.

Evaluation, together with standardization, is part of the wider cultural process of rationalization. Rationalization as a sociological concept was developed by Weber (2003 [1905]) who 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). Weber was writing after the second industrial revolution, at a time of rapid modernization, with economic growth rates exceeding 1 percent in Western Europe, higher than they had ever been previously (Piketty, 2014, p. 85).

Almost a century later, Bourdieu (1998, p. 387) critiqued Weber's conception of rationalization and merged it with Freud's, 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". Therefore, Bourdieu saw virtue in combining the sociological concept of rationalization with Freud's psychoanalytical conceptualization, which refers to "an ex post facto mechanism invoked after an action to hide the secret, unconscious, unacceptable, unknown but 'real' motive" (Cohen, 2000, p. 58). Specifically, Bourdieu (1998) conceptualized rationalization as a sociological, cultural process which reproduces but also legitimates inequality in a psychoanalytical sense (Lamont et al., 2014). Following Bourdieu (1998), I conceptualize rationalization as a cultural process which reproduces and generally legitimizes inequality (Lamont et al., 2014). Participants' narratives include that top incomes are the result of rational, evaluative processes used to assess the economic contribution of individuals. I view these evaluative processes as 'rational' in the Weberian sense, but simultaneously as 'rationalizing' top incomes in the Freudian sense, because the process is perceived as based on neutral and fair principles.

I show that the evaluative process of how economic value is assigned to individuals is classed, 'racialized' and gendered (Bourdieu, 1998; Skeggs, 2004a). In this respect, I highlight the significance of private schooling for top incomes in the City of London because of the "confidence" it provides. Participants make sense of top incomes based on their experiences of the evaluative processes which produces them, and via cultural distinctions based on misrecognition (Bourdieu, 1986; 1998; 2010 [1984]).

The experience of economic inequality at the top needs to be analysed by considering individuals' struggle for and the total volume and composition of the various forms of capital. Savage (2014, p. 600) argues that "all agents, differentially positioned within society, develop sensible (in their own terms) strategies to secure and advance their position". This requires researching perceptions from their point of view. As Savage shows, this framing allows an understanding of 'elite thriving' in a highly unequal environment where agents are theorized as sensibly striving to accumulate economic as well as cultural, social and symbolic capital (Bourdieu, 1986; 1998; 2010 [1984]). Even though Bourdieu did not engage with social psychological theory (Lamont et al., 2014), his work on capitals illuminates micro-level perceptions. Participants' perceptions of economic inequality are shaped by their own history of accumulation as well as their aspirations for future accumulation and need to be analysed in the context of the history and future aspirations of their family, friends and colleagues. This framing means that 'elite' struggle for economic capital is a necessary part of the analysis. However, focusing solely on economic aspects would be limited. Participants also strive for social relationships, cultural and symbolic capital. Specifically, I take seriously "desires for moral worth and legitimacy in an unequal world" (Sherman, 2016, p. 30).

Piketty and Bourdieu respectively focus on the accumulation of economic and cultural capital rather than on exploitation (Savage, 2014). The advantage of this approach is that it facilitates nuanced empirical investigations of 'elites' and recognizes longer term processes. 'Elite' accumulation strategies can nevertheless produce structural inequalities (Ibid.) and exploitation (Skeggs, 2004a). The disadvantage of focusing on accumulation is that potentially exploitative effects of 'elite' accumulation strategies remain unaddressed. Specifically, I did not research how the financial companies which facilitate the top incomes and wealth of my participants derive economic value from their global supply chains (Bear, 2015) and how the finance industry, whose primary purpose is facilitating the accumulation of economic capital, increases inequality (Atkinson, 2014). These are limitations of focusing on accumulation. However, as my study concerns perceptions of economic inequality, this approach is justified.

Perceptions of top incomes and wealth: Reference group theory and relative deprivation

I now turn to my main concerns: how attention to cultural processes and social comparisons with others are important for how inequality is perceived. Following Reis and Moore (2005), perceptions are a combination of "evaluative and non-evaluative understandings of a situation". The latter refers to *cognitions* while evaluative understandings include "*norms* (internalized ideas about appropriate roles); and *values* (ideals about what might be)" (Ibid. p. 3). "Thus, to look for elite perceptions about [inequality] is to search for the cognitive and normative views those at the top hold" (Reis, 2005, p. 31). I focus on the social norms and values (perceptions) of economic inequality; however I also analysed opinions, or attitudes towards economic inequality to complement my analysis. As discussed, evaluation is a cultural process, hence cultural processes are important for perceptions.

Perceptions of inequality are relational; top incomes and wealth are produced and made sense of in the context of social relations and social comparisons with others. A focus on the social relations, interactions and comparisons which those at the top make in the context of vast inequality helps to explain how they make sense of top incomes and wealth. Therefore, distributional analyses which highlight vast economic inequality at the top are fundamental (Hills and Bastagli, 2013; Piketty, 2014; Morelli et al., 2015). The theoretical tools I turn to are reference group theory (Merton, 1968) and the related concept of relative deprivation (Stouffer, 1949; Runciman, 1966). The social psychological theory of relative deprivation has largely been abandoned by sociologists as the theory is often seen as too psychological and drawing away attention from structural factors (Pettigrew, 2015). I nevertheless build on this theory because social comparisons with reference groups are useful for my study because perceptions of economic inequality are influenced by our available comparisons (Irwin, 2015).

Reference group theory, relative deprivation and attitudes to social inequality

In an influential sociological study on attitudes to social inequality, Runciman (1966) found that individuals in twentieth century England tended to make comparisons with people similar to themselves and therefore do not appreciate the full income range and the extent of inequality (Rose, 2006). Runciman applied reference group theory and a related social-psychological concept, 'relative deprivation'. Stouffer (1949) introduced this concept in his empirical study of American soldiers. He argued that relative deprivation explained why soldiers in units with slow promotions were more satisfied than those in units with rapid promotions; as satisfaction is relative to the comparisons available to us (Stouffer, 1949; Pettigrew, 2015). Merton (1968) built on Stouffer to conceptualize a theory of reference groups which posits that reference groups provide a frame of comparison through which people evaluate themselves and others and that we compare ourselves to others who are similar to us on some dimension (Merton, 1968; Pettigrew, 2015). Runciman (1966, p. 11) defined relative deprivation as follows:

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

Relative deprivation therefore requires comparison. Runciman (1966) argued that relative deprivation is limited when the comparative reference group of an individual is the same or similar to their membership group. Examining levels of income satisfaction, his survey found little evidence of relative deprivation because individuals used a restricted range of reference groups with which they compared themselves (Rose, 2006). For instance, a retired labourer compared himself with other labourers who retired later and therefore had a higher pension (Runciman, 1966, p. 199). Runciman assumed that the most important reference groups are social classes; therefore his study took a macro-sociological approach, focusing on the manual versus non-manual divide (Rose, 2006). By contrast, I apply this theory to the top of the distribution, taking into account changes in inequality levels in the UK.

Relative (dis)advantage and economic concentration within the top 1 percent

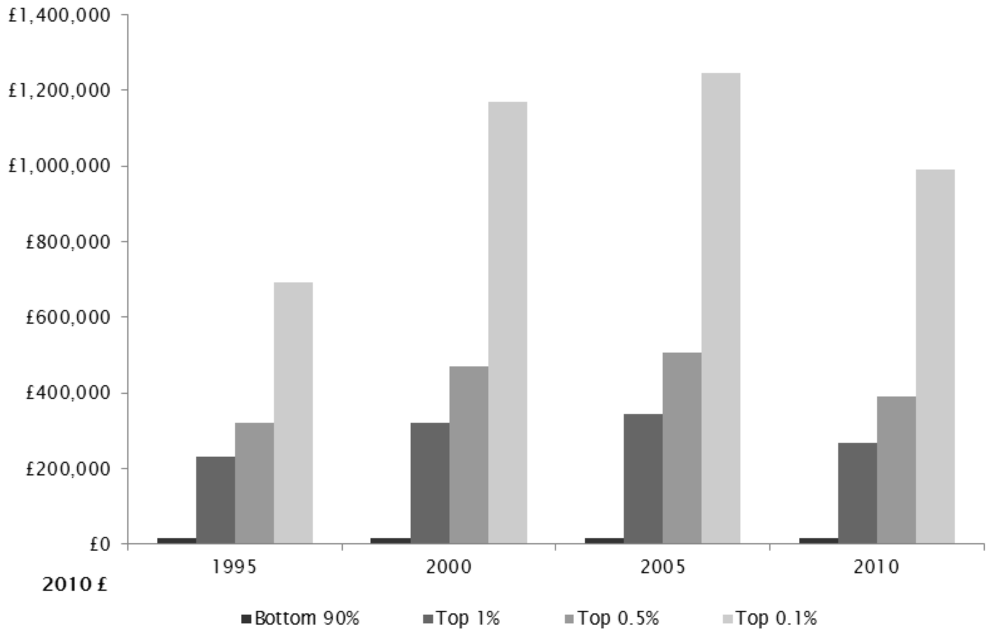
There is vast economic inequality at the top of the income distribution with stark internal differentiation among those with top incomes and wealth (Savage, 2014; Piketty, 2014, p. 319). Given that distributional analyses show that there is a lot of variation among top income earners, and the rich more generally, this means that the person or group of comparison (their comparative reference group) may be very different in economic terms compared to themselves. Hence, assuming that participants compare themselves with others at the top, we would expect that they engage in social comparisons with others who are vastly dissimilar in economic terms.

Building on the social psychological concept of ‘relative deprivation’ (Stouffer, 1949; Runciman, 1966) and research on economic inequality at the top, I propose that top income earners experience relative deprivation when they compare themselves to others at the top who are economically even more advantaged. As the concept is adapted to the specific case of those who are most economically advantaged, I term it ‘relative disadvantage’ because the term ‘relative deprivation’ would be inappropriate. While Runciman was concerned with limited relative deprivation among the working class as explaining how inequalities can be sustained, I focus on relative disadvantage among the rich as a potential driver of economic inequality at the top of the distribution. My focus reflects changes in the structure of class and inequality in the UK since Runciman’s (1966) study.

I conceptualize relative disadvantage as follows. Top income earners 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 1.1). This compares to an average income of £15k for adults situated in the bottom 90 percent of the income distribution (figures from Alvaredo et al., 2015). The implication is that the incomes of the top 1 percent are more dispersed, and increasingly so, compared to the rest of society.

Assuming that people compare themselves to a reference group of individuals in similar social positions, I expected that participants experience relative disadvantage compared to others in the top 1 percent of the income distribution due to vast absolute differences at the top. In their social world, for instance at work or among their friendship groups, participants at the top are in regular contact with economically-distant others. I will provide an example using income cut-offs to illustrate this. A junior investment banker earning £120k pounds (in 2012), whose income is just within the 1 percent of the distribution in the UK, might work for someone whose income is £400k pounds and therefore close to being within the top 0.1 percent (Alvaredo et al., 2016). The absolute difference of £280k pounds may give rise to a feeling of relative disadvantage for the less highly paid person, even though that person is highly advantaged too. The same principle applies for wealth inequality at the top.

Figure 1.1 Average UK adult income by income group



Data source: The World Wealth & Incomes Database by Alvaredo et al. (2017). Data inflation adjusted using the UK ONS CPI. Note: This graph highlights the fall in real incomes of the top 0.1, 0.5 and 1 percent between 2005 and 2010 (after the 2007–2008 financial crisis).

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, p. 22). Therefore, I argue that top income earners experience *feelings* of relative disadvantage when they compare themselves to others in their reference group, but they are also disadvantaged in their material *condition* relative to those who earn more or are richer than them, due to the vast absolute differences among the 1 percent. I view the concepts of advantage and disadvantage (like poverty and deprivation) not as 'absolute', but as inherently relative because their conceptualization is socially, culturally and historically conditioned (Townsend, 1979; Lister, 2004).

Participants are aware of the vast and increasing fragmentation at the top of the income and wealth distributions and experience relative disadvantage (in contrast to Runciman's (1966) survey of the general population in the 1960s). Nevertheless, participants are also aware that they are advantaged compared to what they call "the [person] on the street" or "the average person". Therefore, I argue that participants experience 'relative (dis)advantage'; relative advantage compared to the general population alongside relative disadvantage compared to others at the top. Hence the experience of relative disadvantage is mediated by an awareness of personal advantage and social inequalities. The experience of relative disadvantage is shaped not only by an individual's position in the distribution of income, but also by their position in the distribution of wealth. This has important implications for the literature on attitudes towards economic inequality which generally only focuses on income. Gender and age[53] are important for the experience of relative (dis)advantage. Relative (dis)advantage is useful for explaining why participants overestimate inequality: this is due to the vast inequality around them. Further, only one-third of participants explain that top income shares should be lower and that there is something to be done about inequality. These findings are in line with Chin's (2015) work in the US.

Relative (dis)advantage may explain changes in social norms and reinforce economic inequality at the top. Specifically, the experience of relative disadvantage may constitute a driver of economic inequality at the top, because individuals strive for further 'accumulation' (Savage, 2014) as a result of social comparisons. For instance, my data shows that the experience of inequality at the top is narrated as a highly 'relative' dynamic; specifically, high incomes and richness are described as relative to a person's social circle, life and career stage, aspirations and, crucially, to where they live. Participants refer to the vast inequality in London and its exorbitant property prices as skewing perceptions of what it means to have a high income or to be a rich family. As a high income and richness is narrated as relative; I develop a relative definition of richness akin to a relative definition of poverty.

While Runciman (1966) saw economic inequality as sustainable because limited relative deprivation meant that there was limited awareness of inequality, Bourdieu acknowledged that individuals are aware of social inequalities. However, for Bourdieu

[53] I acknowledge that age and wealth are of course related (Cowell et al., 2016).

(2010 [1984]), inequalities are sustainable because they appear to be the natural result of perceived differences in competence between different social classes. My findings are in line with Bourdieu; those at the top are aware of vast inequality (McCall and Chin, 2013; Page et al., 2013); in fact they tend to overestimate inequality (Chin, 2014) due to economically wide-ranging social comparisons. Therefore, studying how differences in income are culturally legitimated is important. It is not enough to rely on an analysis of micro-level social comparison processes to study how those at the top make sense of inequality; cultural processes are also important (Lamont et al., 2014).

Social comparisons are not made in a cultural vacuum; actors rely on culturally-shared evaluative criteria. Considering cultural processes is important to avoid moving "directly from intra-individual cognitive processes to macro-level patterns of inequality with insufficient consideration of, or analytic precision regarding, what lies between those levels" (Lamont et al., 2014, p. 8). Although reference groups frame *how* people evaluate themselves, we need to consider cultural processes to understand *on what basis* they evaluate themselves. What is the measuring rod used for evaluation, and are income and wealth even relevant? Top earners make sense of the unequal distribution of economic resources not only by comparisons with others, but also by relying on culturally-shared evaluative criteria.

Attitudes towards economic inequality

The literature on attitudes towards economic inequality and policies to address inequality is generally based on quantitative surveys, relying on data sources which include the British Social Attitudes (BSA) survey, the European Social Survey (ESS), the World Values Survey (WVS) and the International Social Survey Programme (ISSP); there are few qualitative studies (Orton and Rowlingson, 2007b). While there is a rich comparative literature on attitudes towards inequality and redistribution, due to space constraints, these studies will not be discussed here (Svallfors, 1997; Tóth et al., 2011; 2014; Tóth, 2014). Additionally, although there is some research which investigates how the general public views high incomes and the rich (Dean and Melrose, 1999; Bamfield and Horton, 2009; Orton and Rowlingson, 2011; McCall, 2013), there are very few studies which address how those at the top of the distribution view economic inequality, specifically as measured by top incomes and wealth (Sherman, 2017; Chin, 2014, respectively). Further, the literature on attitudes towards inequality focuses on the distribution of income, and rarely addresses wealth inequality (Orton and Rowlingson, 2007b). Therefore, my research adds substantially to the field by qualitatively and quantitatively exploring top income earners' attitudes towards income and wealth inequality, as well as policies to tackle inequality.

General attitudes towards economic inequality

Research on attitudes towards economic inequality in the UK shows that a clear majority indicates that the gap between those with high incomes and those with low incomes is "too large". However, those on higher incomes are significantly less likely to believe this[54] (Orton and Rowlingson, 2007b). In 2012, 82 percent of respondents stated that the gap is too large, with just 14 percent agreeing that the gap is "about right" (Pearce and Taylor, 2013, p. 40). This figure increased from 75 percent in 2008 and 2010, possibly due to "well-publicised cases of bankers' bonuses and big increases in chief executive remuneration packages in recent years" (Ibid.). In 1987 (when inequality as measured by top income shares was still lower), 79 percent of the population indicated that the gap between those on high and low incomes is too large.

Nationally-representative studies including the BSA only allow comparisons of income decile groups, and do not have enough respondents to allow for a more granular investigation at the very top of the distribution. Hence, I refer to McCall and Chin (2013) who draw on SESA (Study of Economically Successful Americans) data. The authors found that the differences between the general public and the top 1 percent were particularly strong regarding preferences for levels of earnings inequality. Critical perceptions of earnings inequality, income inequality and economic opportunity are greater among the US public than is commonly assumed and are heightened relative to the top 1 percent (residing in the Chicago area). My research also finds that top income earners are less likely than the general population to indicate that the gap between the rich and poor is too large.

[54] Orton and Rowlingson (2007b) cite data from 2012 which shows that in the UK, 74 percent of respondents with household income £38,000 or higher indicated that the gap between those with high and those with low incomes is too great, compared to 86 percent of those with household income £20,000–£37,999.

Attitudes towards tackling economic inequality (redistribution)

Attitudes towards government redistribution do not mirror concerns about the income gap among the UK population (Rowlingson et al., 2012). Data from the BSA shows that the percentage of those who support redistribution is smaller than the percentage of those who perceive the income gap as too large. BSA data from 2012 shows that while a majority of 82 percent views the gap between those on high incomes and those on low income as too large only 41 percent support redistribution (Pearce and Taylor, 2013). Rowlingson et al. (2012) explain that this discrepancy may be due to self-interest, beliefs about the causes of inequality (for instance the idea that hard work leads to success) or the possibility that people support other ways of reducing inequality rather than redistribution. For instance, the public may wish to see a more equal, fair distribution of market incomes. My interview findings show that the question of whether it is *the government's responsibility to reduce income differences* was generally interpreted as a question about "market incomes" rather than redistribution. I found that participants are less likely to agree with this question than the general population, possibly due to strong beliefs in markets.

Most empirical studies find that higher income individuals are less likely to agree that it is the government's responsibility to reduce incomes differences and that they prefer less redistribution (Tóth et al., 2014). For instance, data from the ESS (2012) showed that those in the highest income decile group in the UK are half as likely as respondents in the lowest decile group to agree or strongly agree that the government should reduce differences in income levels. Rowlingson et al. (2012) show that in 2009, 48 percent of those in the lowest quartile group agreed with this question, whereas only 28 percent of those in the highest quartile group did so. There is no data available regarding how the top 1 percent perceives redistribution of income (let alone wealth) or of attitudes towards wealth distribution in the UK, but SESA data by Page et al. (2013) show that the wealthiest 1 percent in the US are much less likely than the general public[55] to agree with the statement "Our government should redistribute wealth by heavy taxes on the rich" (17 percent compared to 52 percent respectively). Further, in line with my findings, the wealthiest in Page and colleagues' study were

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[55] Page et al. (2013) take Gallup 3/09 data to compare their data on the wealthiest 1 percent with data about the general public.

also less likely to agree that it is the government's responsibility to reduce differences in incomes (87 percent disagreed with this statement). However, while most studies find that higher earning, and wealthier individuals are less likely to favour redistribution than others, my study does not find this.

Explaining attitudes: Self-interest and underlying values

Research on attitudes towards economic inequality needs to focus on the underlying drivers of what motivates attitudes. One of the debates on underlying attitudes towards (tackling) economic inequality is the role of self-interest compared to underlying values (Orton and Rowlingson, 2007b). Theories based on self-interest as a key driver are popular in economics whereby people are expected to support redistribution if they personally benefit (Ibid.). Under the assumption that individuals are rational, self-interested individuals, this theory posits that individuals assess their current situation, but also expectations about their future material position to decide on their preferences towards redistribution (Tóth et al., 2014). Findings from the BSA and empirical studies which show that those with the highest incomes are less likely to be in favour of redistribution seem to confirm this (Ibid.). A multivariate study by Tóth et al. (2011, p. 7) found that redistributive preference "while mostly derived from rational self-interest (material position, labour market status, expected mobility), is also driven by general attitudes about the role of personal responsibility in one's own fate and by general beliefs about causes of poverty and the like". Hence, income is not the sole decisive factor[56] (Ibid.). On the contrary, Sefton (2005) argued that values and beliefs about inequality are more important than material self-interest[57]. In sum, these studies suggest that attitudes towards redistribution result from a combination of factors, including self-interest, values and beliefs (Tóth et al., 2014; Rowlingson et al., 2012).

An issue with the self-interest argument is that it assumes that individuals have a good awareness of the extent of overall inequality and their position in the income and wealth distributions. However, BSA survey research found that knowledge about

[56] As is assumed in the political science Meltzer–Richard model, which argues that as inequality rises (and average income moves away from median income) demand for redistribution increases as it will be in the interest of the median voter (Tóth et al., 2014).
[57] Specifically, Sefton distinguished between Samaritans, Club Members and Robinson Crusoes. Samaritans held the most collectivist views and were most likely to support redistribution, whereas Robinson Crusoes held the most individualist views and were least likely to support redistribution.

income inequality, the tax system and its redistributive impact is limited among the general population (Orton and Rowlingson, 2007b). People's perceptions of inequality may not be accurate (Tóth et al., 2014). Research by Gimpelson and Treisman (2015) claims that inequality is misperceived by the general population, arguing that it is the perceived level of inequality, rather than the actual level which correlates strongly with demands for redistribution. Consequently, both knowledge and perceptions of inequality may be distributed unevenly across segments of the income and wealth distributions. Comparing US survey data, McCall and Chin (2013, p. 17) found that the top 1 percent of income earners were more informed about pay, and disparities in pay, than the general public "yet this knowledge will not necessarily translate into more critical views about income inequality" because this group might be influenced by a material interest in maintaining their current position. Related to this, I find that participants actually overestimate inequality, and perceive inequalities as positive, as a driver to do better.

Attitudes towards redistribution are not only shaped by self-interest but also by underlying values and social background. Piketty (1995, pp. 552-553) referred to data showing that "parents' income class determines one's political attitudes almost as much as one's current income, whereas straight economic rationality should imply that only current income and not past family income should determine one's interests in redistribution". Further, the concept of self-interest as the main driver of attitudes towards redistribution is limited because some people on high incomes still support redistribution. For instance, Bromley (2003) argues that those on high incomes may favour redistribution as they view inequality as a problem for altruistic reasons.

Views about the causes of inequality are strongly related to whether or not people support redistribution (Rowlingson et al., 2012). For instance, individuals who have been economically successful might attribute their success to their experience of hard work. Furnham (1982, cited in Orton and Rowlingson, 2007b, p. 38) found that "people who score highly on attitude scales measuring the 'Protestant Work Ethic' tend to be much less supportive of welfare benefits and less sympathetic to people who receive them". Orton and Rowlingson (2007b) found that those who believe that hard work leads to success are less supportive of redistribution, because attitudes towards inequality and redistribution are affected by beliefs about the importance of birth, luck and effort. My research replicates this finding for those with top incomes.

In the US, the differences between the general public and the top 1 percent were particularly strong regarding awareness of constraints towards economic opportunity: "only 1 percent of the top 1 percent believes that coming from a wealthy family is very important for getting ahead, whereas 20 to 30 percent of the public believe this" (McCall and Chin, 2013). Rowlingson et al. (2012, p. 15) found that the most common answer to whether some people have higher incomes than others was that they "work hard" (47 percent), and that those in the highest income quartile group were slightly more likely to share this view (53 percent). My participants were even more likely to indicate that "hard work" is important for high incomes (two-thirds did so). Less than 1 in 10 of BSA participants attribute high incomes to structural explanations (injustice); and those who do are more likely to support redistribution (56 percent). The impact of beliefs about the causes of inequality, specifically whether high incomes are seen as meritocratic, is evident in my data.

Judgments of the fairness of economic outcomes are important for researching attitudes towards redistribution. Bamfield and Horton (2009, p. 5) qualitatively explored "three concepts which seem relevant to people's judgment of fairness in economic outcomes and welfare policy: need, desert (i.e. how deserved someone is) and entitlement". To this end they conducted focus groups in addition to opinion surveys which were selected to be representative of the population. They found that attitudes towards inequality were expressed within the context of a belief in fair inequality on the basis of 'desert'. Pay differentials were viewed as reflecting a hierarchy in talent and ability and considered to be necessary to incentivize hard work. Similarly, a majority of my participants' narratives are in line with this finding. Attitudes towards the justification of high incomes were even more favourable than what would be expected based on this idea of fair inequality. Bamfield and Horton (2009, p. 5f) argue that this is due to "misperceptions of the existing income distribution (leading people to view high salaries as more 'usual' than they were)" and "cognitive 'coping strategies' whereby participants would invent or exaggerate the virtues (and therefore desert) of those with high incomes in order to justify existing inequalities". Bamfield and Horton also argue that at other times, participants raise "the belief that inequality was inevitable in order to avoid considering questions of fairness" (Ibid.). Further, the authors found that it was the 'super-rich' rather than 'the rich' who attracted most condemnation; even more so after the onset of the recent financial crisis.

The importance of beliefs in meritocracy, and the tendency to think that higher incomes are more common than they are was replicated in my interview and survey data.

Explaining attitudes: Subjective self-placement

Where individuals see themselves and how they judge their position in society (or within the economic distribution) will shape their attitudes towards economic inequality. Subjective social location, also referred to as subjective social status (Evans and Kelley, 2004), is therefore important for this research. Subjective social location is expected to be influenced by comparisons with reference groups. Evans and Kelley (2004) analysed survey data from 21 countries and observed a tendency for individuals to see themselves as being in the middle of the social hierarchy in all societies under study. This phenomenon is also evident in data from the ISSP (2009) which indicated that respondents from all backgrounds tend to see themselves towards the middle of society. This finding was replicated in qualitative work by Bamfield and Horton (2009) who found that their participants viewed themselves as 'in the middle', regardless of their own position, which suggests 'dis-identification' with the actual distribution. Correspondingly, Dean and Melrose (1999) identified an 'othering of riches' in their qualitative research, as even privileged respondents tend to position themselves as 'in the middle'. In relation to ambivalent class identities, Savage et al. (2010) and Savage (2015c) found a similar phenomenon. Middle-class respondents tend to stress their 'ordinariness'. Hence, people tend to situate themselves in the middle of the social hierarchy, in line with reference group theory.

The 'reference group hypothesis' is a special case of the 'availability heuristic' (Tversky and Kahneman, 1973); the tendency to build one's image of the larger society by generalizing from one's own experience (Evans and Kelley, 2004). The core idea of 'availability bias' is that the homogeneity of our reference groups (the similarity among our family and friends in education, occupation and income) results in a distorted 'subjective sample' from which we generalize to the wider society and draw our conclusions about levels of inequality and our own subjective location (Ibid.). Applying this theory to the study of elites, Khan (2015) argues that similarly to other individuals, 'elites' are affected by availability bias. 'Elites', argues Khan, view the world differently, for instance they see opportunities and wage growth; their (economic) world is largely separated from others.

However, Evans and Kelley (2004, p. 27) demonstrate that there are important differences between individuals arguing that “the reference-group effect does not completely block out veridical perceptions of social structure”. Their cross-national study found that “educational attainment is important for subjective social identification, with more educated people placing themselves higher in the social structure” (Ibid., p. 3). Hence “there is a tendency to see oneself towards the middle as predicted by reference-group theory but, at the same time, there is a clear effect of actual location in the social structure” (Ibid.). In addition to the objective position of individuals, GNP per capita and the national level of unemployment also had substantial effects on the subjective status of respondents (Evans and Kelley, 2004).

I anticipated that self-placement in the social hierarchy is relevant for participants’ perceptions of economic inequality, hence I asked them to identify where they place themselves. Only one-third of participants saw themselves as in the top group (out of 10 groups) in society, and only half of those with incomes in the top 1 percent of the distribution indicated that their own income is high. In comparison, of the general population, 4 percent perceive their own income as high[58] (Rowlingson et al. 2012). I find that there is a positive relationship between participants’ subjective location and favourable attitudes towards redistribution. Hence, participants with a more realistic perception of their subjective social location, and by implication the extent of inequality in the UK, are more likely to support redistribution.

In this literature review, I have proposed a relational analysis of top incomes and wealth. Distributional analyses are fundamental for studies of ‘elites’ and social class, and my relational, sociological analysis of how top incomes are perceived by top income earners can provide insights into the cultural processes and social norms underpinning recent increases in top incomes. Specifically, I draw on Savage’s (2014; 2015a; 2015c) theorisation of rising inequality and social class, on Bourdieu, whose theories explain how material inequality is made sense of and legitimized through cultural and symbolic capital, and on theories of evaluation based on economic criteria (Fourcade, 2011; Lamont, 2012; Lamont et al., 2014). As inequality is made sense of through social comparisons with others, I further build on the concept of relative deprivation (Runciman, 1966) to study participants’ attitudes towards inequality.

[58] Using data from the 2009 BSA.

Chapter 2 Methodology and methods

In this chapter, I outline my methodological considerations and the methods I chose to tackle the research question *how do top income earners perceive economic inequality?* Specifically, I focus on top income earners in the UK, and economic inequality as measured by top income and wealth shares. As there are many methodological issues with studying 'elites', social science studies which have collected primary data to research 'elites' are limited in number. Reasons include methodological and practical issues such as access and difficulty in defining and locating the very wealthy (Barnard et al., 2007; Harvey, 2011). Hence, I explored the options to analyse secondary data about top income earners and their attitudes in the UK. Due to the absence of nationally representative data, I explored the GBCS, to provide a picture of the social characteristics of respondents with top household incomes and their attitudes towards what matters for career success. However, to address my research question specifically, I had to collect original data. I gathered primary, qualitative data in the form of semi-structured interviews (and explorative focus groups) because qualitative research is most suited to study cultural processes as well as accounts of experiences (Lamont et al., 2014). In this chapter, I will in turn discuss my methodology, data issues with quantitative data on top income earners, the GBCS as a data source, my choice of interviewing and surveying participants, the limitations of my study and my reflexivity and ethics.

Methodology

I aim to bridge objectivist, quantitative, distributional studies of inequality and constructivist, relational approaches to studies of 'elites' and their perceptions of inequality. Despite the various issues with their measurement, I believe that economic inequalities are real phenomena which can be known, analysed and understood. However, I view economic inequality as socially constituted (Bandelj, 2009; Zelizer, 2012). Top incomes and wealth are created through social interaction and relations. They are constantly revised and negotiated. At the same time, social actors continually construct meanings of inequality; participants' understanding of top incomes and wealth are constantly created. Therefore, my methodological perspective is a 'subtle' or 'critical' realist approach (Seale, 1999; crediting Hammersley, 1992).

From a critical realist perspective, external social reality exists, but the researcher is also engaged in constructing knowledge of social reality. Hence, there is a reality to be known, but it cannot be neutrally observed (Loeschner, 2017). In the case of interviews, the production of knowledge is co-produced by the researcher and participants. The subtle realism approach "involves maintaining a view of language as both constructing new worlds and as referring to a reality outside the text, a means of communicating past experience as well as imagining new experiences" (Seale, 1999, p. 470). I seek to interpret participants' accounts following their world view in their own terms but reject a "pure constructivist view that states there is no possibility of knowing a real world that exists separately from language" (Seale, 1999, p. 470). The knowledge presented in this thesis is based on my construction of it.

Research methods

Acknowledging different epistemological underpinnings of research methods, I pursued a complementary mixed-methods approach (Bryman, 2008, p. 603). I analysed GBCS as well as USoc data and collected primary data by interviewing and surveying participants with top incomes. During the period of fieldwork, I took detailed notes of the research process. The methods for this thesis were chosen to research top income earners' attitudes towards and perceptions of economy inequality, specifically top incomes and wealth shares. To support this research question, I also pursued a descriptive portrait of the people at 'the top' of the income and wealth distributions, as not much is known about them (Keister, 2014).

Quantitative analysis

Quantitative data and economic 'elites': Surveys and tax records

At the beginning of my PhD work, I explored options to quantitatively research 'elite' perceptions of inequality and their socio-demographic characteristics using secondary data. My exploration demonstrated that there is no nationally representative data in the UK on how top income earners understand inequality. This finding reflects a 'bias' in the construction of social science surveys. Historically, social science was implicated with monitoring and regulating the poor (Skeggs, 2004b). In contemporary quantitative datasets, there is a politics of data (Takala, forthcoming) whereby the focus is on measuring poverty rather than inequality at the top. For instance, there is the

"Households Below Average Income" dataset, and the "Understanding Society" dataset which has an "ethnic minority booster sample", but no "rich booster sample" to account for the underrepresentation of the rich among the survey. While the poor and their behaviour and opinions are monitored in surveys, the rich escape from view (Savage and Williams, 2008)[59]. This reflects policy makers' focus on poverty rather than inequality as measured by top incomes and wealth shares.

Quantitative research describing 'elites' or top income earners is severely limited because nationally representative surveys do not contain large enough numbers for statistically significant analysis (Savage and Williams, 2008; Keister, 2014). Nationally representative surveys in the UK do not specifically account for sampling issues at the top end by oversampling rich households (Jenkins, 2016). In addition to a lack of individuals with top incomes and wealth in each cell, those individuals who are included in surveys may not be representative due to non-response (Atkinson, 2015). Therefore, economists use taxation data to calculate top income shares (Piketty, 2014; Atkinson and Bourguignon, 2015).

Taxation data, though exceptionally valuable for economic analyses of inequality because they have better coverage of the top, larger sample sizes and less measurement error (Jenkins, 2016), do not offer detailed socio-demographic characteristics and no attitudinal data of the rich. This is because tax data include only the information necessary for the administrative process of the income tax system (Atkinson, 2015; Jenkins, 2016). They are neither "purpose-designed" for the study of economic inequality (Atkinson, 2015, p. 51) nor for sociologists studying the rich. Data from tax records "refer to gross taxable (or after-tax) income of tax units (which in the UK refer to individuals since 1990)" (Jenkins, 2016, p. 138) and the most detailed data from the Survey of Personal Incomes (SPI) refer to taxpayers rather than to the full population (Ibid.). Researching attitudes of those at the top is even more challenging than describing their socio-economic characteristics because taxation data does not include attitudinal information and there is a lack of attitudinal, nationally

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[59] The HBAI data covers the whole distribution but does not cover the top 1 percent adequately. Therefore, the official series corrects for this using HMRC data from the SPI, the 'SPI adjustment'. Burkhauser et al., (2016) discuss the imperfections of this approach and reconcile household survey data (used for official statistics) and tax return data (used in the top incomes literature), offering a more extensive approach. These achievements of combining household survey data (which has poor coverage of the rich) and tax return data powerfully advances our understanding of income inequality trends. However, they do not offer insights into the behaviour and attitudes of the top 1 percent.

representative data such as the BSA or the ISSP for the top. Hence, there is no nationally-representative data on top income earners' views towards economic inequality.

The Great British Class Survey

The GBCS is a unique dataset collected via an online survey about social class in Britain, hosted by the BBC's Lab UK. The dataset includes "the largest sample of the very rich of any British data source" (Savage et al., 2018). Respondents could self-select to fill in a web questionnaire on their economic, social and cultural capital[60] (Burrows and Savage, 2014). The GBCS data was used by Savage and colleagues to derive a new model of social class in the UK, including an 'elite' social class (Savage et al., 2013; 2014). As the relatively well-educated and economically advantaged were disproportionally more inclined to participate in the online survey, the dataset offers an exceptionally large number of individual respondents with high household income, savings and house value for which most nationally-representative data sets do not have enough respondents to analyse meaningfully (Savage and Williams, 2008; Laurison, 2015). Therefore, the GBCS is suitable for my research purposes.

The GBCS, although not nationally representative, includes a large number of respondents with very high household incomes, and extensive socio-demographic and attitudinal data relevant to my research question[61]. The overall sample size of both waves of the GBCS was 325,000; the first wave was collected between 25th January and 23rd June 2011 (n = 161,400), and the second wave between 24th June 2011 and 5th July 2013 (Devine and Snee, 2015; Friedman et al., 2015; UK Dataservice, 2017; Laurison and Savage, 2015). Following Friedman et al. (2015, p. 264), all those under 22 years and in full-time education were excluded from analyses, "as these respondents are unlikely to have transitioned into stable occupational pathways"[62]. Non-UK-based participants were also excluded from the analysis. My final sample size is 233,175. Of

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[60] Therefore, the GBCS is a conventional social survey collecting accounts of social action rather than Big Data based on transactional data (Burrows and Savage, 2014).
[61] Specifically, the following GBCS question is relevant: "Here is a list of things that are sometimes said to be important in helping people to get a good job and achieve career success. Please indicate which, in your opinion are the three most important".
[62] The rationale of Friedman et al. (2015) to use 22 as a cut-off age is that this is the age by which most students finish undergraduate study.

these participants, 22,173 have household income after taxes of £100k or higher (9.5 percent, highlighting the vast skew of the GBCS towards those with very high household incomes).

Even though the GBCS offers data on a large sample of rich participants, it does not provide a representative sample of individuals in households with top incomes, i.e. households in the top 1 percent. The data are skewed towards the economically advantaged. For instance, those with higher managerial and professional occupations (NS-SEC1 occupations) are overrepresented. This group "make up 35 percent of the GBCS sample, whereas the figure is 11.7 percent in the follow-up GfK survey and 10.3 percent according to the Office for National Statistics in April 2011" (Friedman et al., 2015, p. 264). Comparing respondents in elite occupations in the GBCS to those in the nationally representative Labour Force Survey, Friedman et al. (2015, p. 264) find that "[w]hile the overall averages differ (the GBCS is much more educated, younger, and reports far higher incomes than the population as a whole), the relationship between age, gender, education, income and occupation is fairly similar across the two populations". Further, Friedman et al. (2015) found a similar class pay gap using GBCS and nationally representative Labour Force Survey (LFS) data.

Hence, in the absence of nationally representative data on the rich, I follow Friedman and colleagues' (2015) pragmatic view that it is useful to analyse the relationship between GBCS respondents' socio-demographic characteristics and their attitudes. Further, I compare the findings with nationally representative Understanding Society (USoc) data, bearing in mind that the latter is not designed to provide an accurate representation of UK top income earners. It is precisely the group which is overrepresented in the GBCS which is of interest for this study: those who are economically advantaged, highly educated and occupationally successful (Friedman et al., 2015). As the GBCS data is not based on a random sampling frame, I cannot statistically infer the findings to the UK population. However, no other survey offers such a large sample of high income earners alongside details of their socio-demographic characteristics and attitudinal measures. The findings from the analysis are presented in *Chapter 3*. I find that those with top incomes are even more likely to hold meritocratic views than those with merely high incomes; however meritocratic views are common throughout the distribution of GBCS respondents.

Qualitative interviews and participant survey

To answer my research question, collecting primary data was necessary. Interviews are particularly suitable for this research because they allow the study of "the micro-level practices that constitute" the cultural processes which produce inequality (Lamont et al., 2014, p. 24). I collected the data for this research using in-depth interviews combined with a short survey questionnaire. The 30 interviews were semi-structured with open-ended discussion-style questions which took up the majority of time (45-50 minutes), and were followed by a short survey questionnaire[63]. Interviews were scheduled for an hour (average length 64 minutes; median length 61 minutes) and held between May 2015 and March 2016. The average interview transcript consisted of 10,453 words. 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). Chin (2014) has compiled an impressive dataset with comparable data for the US; however, generally there are few social science studies focusing on views of the wealthy directly (Chin, 2015; Sherman, 2017a). Therefore, my 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.

It shall be noted here, that I also conducted initial focus groups; however due to the difficulty of recruiting top income earners for these events, this method of data collection facilitated only limited insights for my study. The idea behind the focus groups was that interviews alone provide limited means for researching situated, lived experience (Rapley, 2001) and social processes (Skeggs, 2001). I tried to create a 'natural' environment for 'elites' by inviting them to discuss top incomes and wealth on the roof top terrace and meeting rooms at the New Academic Building at LSE which offers stunning views over London. There, I organized a focus group event called "LSE Sociology Autumn reception on top incomes and wealth". LSE Advancement assisted the recruitment. An issue with the focus groups was the difficulty in recruiting people with top incomes (the focus group respondents were representative of the top decile, rather than the top percentile group). Therefore, I will not refer to the results of these

[63] In sum, 31 interviews were conducted, including an early interview with a partner of a top income earner. As I decided to focus on views of top income earners themselves, I did not include this interview for detailed analysis. However, there were no apparent differences in the discourses in this interview compared to all others.

focus groups directly in this study. The lesson from the focus group was that 'elites' require a prolonged recruitment process, involving their executive assistants or a personal introduction, and may generally prefer to be invited for a personal interview, rather than a focus group. In this sense, my research experience provides insights into research methods for studying elites. Further, as I will discuss, I established two personal contacts as a result of conducting the focus groups which aided the recruitment process of two interview participants. In the sections that follow, a methodological discussion of the qualitative interviews and participant survey is provided. I will justify the focus on the top 1 percent, discuss access and participant recruitment, describe the achieved sample, the topic guide and questionnaire as well as my practice of taking fieldnotes, document my method of qualitative data analysis and describe how I employed a quantitative text analysis software as a robustness check for my qualitative coding. Finally, I discuss the limitations of the qualitative interviews and participant survey. The sample is not random and not representative, hence it is not possible to generalize the findings (Sherman, 2016). Nevertheless, qualitative studies offer "conceptual and empirical insights that are theoretically important in themselves" which can inform further representative research (Sherman, 2016, p. 7).

Focusing on the top 1 percent

I collected data by interviewing 30 top income earners, defined as those with an annual income which places them within the top 1 percent of the distribution[64]. Sampling top income earners is justified because a significant portion of the gains accruing to the top 1 percent was due to an unprecedented rise in top wage incomes, rather than income from capital, which lead economists to conclude that there has been a shift towards the 'working rich' (Atkinson and Piketty, 2007; McCall and Percheski, 2010). Note however, that there is a relationship between top incomes and wealth, and that research on this issue is ongoing (Cowell et al., 2016). The rationale for focusing on the top 1 percent, like Majima and Warde (2008), is that these individuals have disproportionate control over economic resources. As discussed, participants were therefore operationalized as economic 'elites' (Khan, 2012a; Savage, 2015a). A different strategy would have been operationalizing 'elites' institutionally (Reis and Moore, 2005) or

[64] I acknowledge that elite status is ascribed by the researcher (Littig, 2008).

based on their 'power' (Scott, 2008). As my study focuses on perceptions towards economic inequality, an income-based measure to select my sample is justified.

According to the World Wealth and Income Database, the threshold for the 1 percent of income earners was £118,419 before tax in 2012, which was the most recently available year of data when I started my fieldwork[65]. My criterion for inclusion was £120k before tax; however, all participants have individual incomes of £140k or higher before tax, apart from one participant whose income in the previous years was well within the 1 percent and one participant who indicated their income before bonuses which was just under the threshold. However, it is assumed that accounting for capital income, which I did not ask for specifically in the interviews, both participants have incomes which place them within the top 1 percent of the income distribution (their net worth is between £2.5m and £10m). Even though the top 1 percent is a somewhat arbitrary definition with previous research highlighting that the 'elite' encompasses a much wider group (Savage et al., 2013), I have chosen this cut-off as the selection criterion for my sample as it is a measure common in the economic literature on inequality, and certainly captures an economically very-advantaged group.

Access and participant recruitment

It is notoriously challenging to access 'elites' for research purposes (Reis and Moore 2005; Page et al. 2013; Sherman, 2016). It is difficult to locate them as there are no publicly available sampling frames, and even when 'elites' are identified they are a hard-to-access group to interview. Therefore, identifying and interviewing a representative sample of the top 1 percent is "extremely difficult", as Page et al. (2013, p. 52) explain in the context of the US. If there was a sampling frame, it would be straightforward to select a random sample of that list, but such a publicly available list does not exist (Reis and Moore, 2005; Page et al., 2013). In the UK, there is no publicly available list of names of the top 1 percent of income earners. In 2015, there were 31.16 million people in work in the country; 22.77 million were working full-time (according to the Office for National Statistics (2017) referring to seasonally adjusted LFS data from January - March 2015). Hence, we know that there were 311,640 individuals

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[65] At the same time, data from HMRC from the Survey of Personal Incomes stated that the threshold was £140k before tax and £92k after tax in the tax year 2010/11.

whose income was within the top 1 percent of all those in work, and 227,670 individuals whose income was within the top 1 percent of all those working full-time.

Due to the challenges of recruiting a sample of the 1 percent, I employed three approaches. Participants were recruited through personal contacts, referrals or introductions (n=10), were invited by cold-call to take part based on their economically successful position in the City of London (n=11) or were recruited through snowballing (n=9). Given the difficulties of accessing 'elites', the use of personal links and recommendations as well as snowball sampling is justified (Reis and Moore 2005; Chin, 2014; Sherman, 2016). The list of potential participants to cold-call was derived from profiles which are available on public records and the financial media including individuals on the rich list, people in senior managerial positions in financial corporations and financial entrepreneurs. For confidentiality reasons, I cannot provide a detailed depiction of my approach of sampling the participants which I cold-called. The response rate for the cold-call strategy was approximately 40 percent (11 people out of 29 accepted the invitation for interview). Page et al (2013, p. 53) had a similar response rate (37 percent) and commented that this was "remarkably high".

Without doubt, the prestigious reputation of the LSE well as my familiarity with the field and its language, due to my former employment as an Audit Assistant in a "big four" accounting firm, has aided the recruitment process (Lamont, 1992). The experience of having conducted the focus groups at LSE further aided the recruitment process, because a contact established there acted as a gatekeeper and helped me to recruit a participant (who recommended a further three participants to interview). Though the contact was established at LSE, the participants recruited were not LSE graduates. Through circumstances which cannot be detailed for confidentiality reasons, the focus group experience aided the recruitment of a further participant.

It is difficult to contact the rich and it can take months of efforts and engagement with gatekeepers before an interview is arranged (Page et al. 2013). In my case, the personal assistants of entrepreneurs and financial executives were extremely helpful. 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[66] with information about the research which was displayed on the LSE

[66] http://www.lse.ac.uk/sociology/pdf/LSE-research-Katharina-Hecht.pdf

Sociology departmental website. This information leaflet signalled to prospective participants that the research project was legitimate. It also informed participants up front that the interview purpose was to talk about top incomes and wealth because I did not want to achieve access through deception. I offered to interview participants in-person, via phone-call or Skype, to make the interview process as convenient as possible. If I did not hear back from prospective participants or their personal assistants after some time, I made sure to send a follow-up email to try and set up an interview date. Participants were kind and generous with their time. I was concerned that access would be difficult given that I was straightforward about the interview purpose; however, I found that while top incomes and wealth are problematic for social scientists, they are often viewed with a sense of success or achievement for participants (Khan, 2008).

Sample

Approximately half of the interview participants have a gross annual income between £140,000-400,000 (n=16), and half have incomes of half a million pounds and higher (n=14) (Table 2.1). The threshold for the 0.1 percent of income earners was £402,586 before tax in 2012, the most recently available data at the time of data collection (Alvaredo et al., 2015)[67]. As I collected my data between May 2015 and March 2016, this data does not allow me to place participants' incomes accurately into the top 1 and the top 0.1 percentile. However, in very broad terms, half of the participants are approximately situated in the ballpark of the top 1 percent of the distribution (specifically the bottom 90 percent of the top 1 percent), and the other half are situated within the top 0.1 percent of the income distribution.

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 threshold for inclusion in the 2015 Sunday Times Rich list was £100m (Arlidge, 2015). Of the sample, 20 have wealth higher than £1.4m. In 2008-10, only 1 percent of *households* had more than £1.4m (Hills and Bastagli, 2013). Note that I asked

[67] In 2017, percentile thresholds are no longer available on the World Wealth and Income database (Alvaredo et al., 2017).

participants for their personal wealth. I have not collected information on participants' house values, their pension rights or details about their investment portfolios; only of their overall net worth. Notably, participants often gave vague, approximate figures. For instance, participants stated that they are worth "£100m plus" or earn "between £5m and £10m"[68]. Participants with less income were much more precise. The interview participants are clearly among the most economically advantaged in the UK. As expected, there is a positive relationship between participants' wealth and income (Figure 2.1) (Cowell et al., 2016).

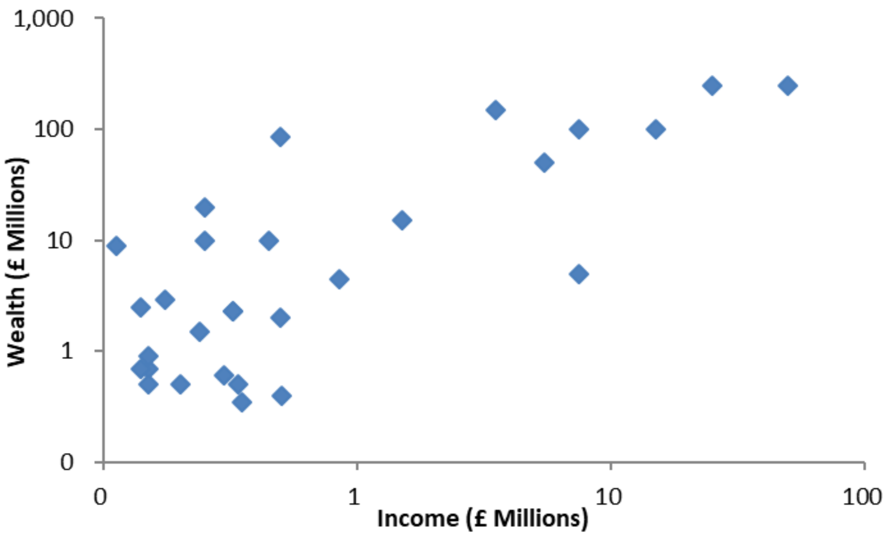
Table 2.1 Distribution of income and wealth among participants

Income	%	n
£140-400k	53%	16
£401k-<1m	17%	5
£1-<5m	10%	3
£5-50m	20%	6
	100%	30

Wealth	%	n
<£1.4 million	31%	9
£1.4-4.9 million	24%	7
£5-49 million	21%	6
£50-250 million	24%	7
	100%	29

Note: For income (mean= £4.16m; median = £346k), 2 cases were estimated to be within the £140-400k category. For wealth (mean = £37.1m; median = £2.9m), 1 case with missing values was omitted.

Figure 2.1 Relationship between top income and wealth of participants (log scale)



Note: Data from the survey of research participants. R=0.85.

[68] I recorded this information as £100m and £7.5m respectively, highlighting how the data is approximate.

Participants also belong to the highest occupational social class and many have attained the highest levels of education. The vast majority obtained degree-level education, and many have postgraduate degrees or have been educated at an Oxbridge college or at a London-based Russell Group University (Table 2.2). 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 (Keister, 2014; Crenshaw, 1989). There is an intense gender bias among 'elites' (Reis, 2005). 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. Hence, I consciously sought to find women to interview. Among the research participants, 22 are male (20 white, 2 Asian) and 8 are female (7 white, 1 Asian). Glucksberg's (2016a) research on 'elite' women documents patriarchal family relations at the top of the wealth distribution and acute power differences among couples with high net worth. Patriarchal conceptualizations of women as beautiful 'girls' (Mears, 2015) or dedicated mothers responsible for the transmission of cultural, social and economic capital (Glucksberg, 2016a) may explain the underrepresentation of women at the top of the income distribution. It may also explain the gendered differences in the family situations of my sample. Of the male participants, 19/22 (86 percent) have children, but of the female participants, only 3/8 (38 percent) have children.

Topic guide, questionnaire and fieldwork notes

The topic guide for the semi-structured part of the interviews was compiled guided by previous research (see Appendix 1 which includes the source and rationale for each of the questions). Instead of directly asking respondents about 'economic inequality', I specifically asked participants about top incomes and wealth shares. I was interested in how participants view these measures as this has received considerable attention recently, in the media. I also asked participants why they believe there are differences in incomes. This approach is suitable as the term 'economic inequality' needs

Table 2.2 Sample of research participants

Industry	Gross income before taxes (grouped) £	Net worth (grouped) £	Age	Graduate
Finance	140-400k	below 1.4 million	30s	Oxbridge
Consulting	140-400k	below 1.4 million	40s	London
Finance	140-400k	below 1.4 million	30s	Oxbridge
Finance	140-400k	below 1.4 million	30s	Other
Law	140-400k	below 1.4 million	30s	Oxbridge
Law	140-400k	below 1.4 million	20s	London
Finance	140-400k	below 1.4 million	40s	London
Finance	140-400k	below 1.4 million	30s	Other
Finance	140-400k	1.4-4.9 million	50s	Oxbridge
Finance	140-400k	1.4-4.9 million	40s	Other
Law	140-400k	1.4-4.9 million	30s	Oxbridge
Finance	140-400k	1.4-4.9 million	40s	Other
Law	140-400k	1.4-4.9 million	20s	Oxbridge
Finance	140-400k	5-49 million	50s	Oxbridge
Finance	140-400k	5-49 million	60s	Other
Finance	140-400k	5-49 million	30s	Other
Finance	401k-1m	below 1.4 million	30s	London
Finance	401k-1m	1.4-4.9 million	40s	Other
Finance	401k-1m	1.4-4.9 million	30s	Other
Finance	401k-1m	5-49 million	60s	Other
Finance	401k-1m	50-250 million	50s	Oxbridge
Finance	1-5m	NA	60s	Other
Finance	1-5m	5-49 million	60s	London
Finance	1-5m	50-250 million	50s	Oxbridge
Finance	5-50m	5-49 million	60s	Oxbridge
Finance	5-50m	50-250 million	40s	Oxbridge
Finance	5-50m	50-250 million	40s	Oxbridge
Finance	5-50m	50-250 million	50s	Oxbridge
Finance	5-50m	50-250 million	50s	Other
Finance	5-50m	50-250 million	30s	London

Note: The table is sorted by gross income before taxes (grouped) and secondly by net worth (grouped). Gender and ethnicity are not included in the table for confidentiality reasons. 2 participants with income within the £140-400k category have indicated lower incomes but are estimated to be in this bracket considering capital income. Though I have asked participants about their *incomes*, they might have only indicated their *earnings*. Further, participants without a university degree were assigned to the “other” category for confidentiality reasons.

unpacking (Bamfield and Horton, 2009). Further, I asked participants what a 'high-income' means to them and what they consider to be a 'rich' family. Following Runciman (1966), I asked participants whether any other people are doing noticeably better than themselves, and if so, what sort of people.

Interviews were followed by a short survey questionnaire, which included questions relating to subjective social location, attitudes to the gap between low and high incomes, views on government redistribution policies, individual's income and wealth, knowledge of the income distribution and socio-demographic characteristics (see Appendix 2). The questions I asked are derived from the BSA and ISSP surveys, in order to compare my findings with the general population (consistent with Toynbee and Walker, 2008).

As I conducted my interviews, I spent time in the locations where the interviews took place to observe the environment and people present and observed how participants related and interacted with each other and with myself. I call this period 'fieldwork' even though the research was primarily focused on collecting interview data and included only limited participant observation. In my write up, I will include fieldwork vignettes, to describe the world of top income earners, the polish, shine but also understatement, the famous artwork and general comfort of their offices. I try to describe the confident manner and the general, relaxed 'ease' (Khan, 2011) of participants, despite the sometimes challenging interview questions. I narrate the restrained masculinity on the predominantly male trading floor. I try to take the reader along on the research journey, to provide a sense of the world in which top incomes are produced.

Qualitative text analysis

After the recorded interviews were transcribed verbatim, the data was analysed using thematic analysis, "a process for encoding qualitative information" (Boyatzis, 1998, p. 4). Thematic analysis is "well suited to understanding individuals' conceptualisations of the phenomenon one investigates" (Loeschner, 2017, p. 80). 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). I developed my collection of codes based on my research question and related theoretical framework which guided my research. I adjusted this code collection based on emergent themes.

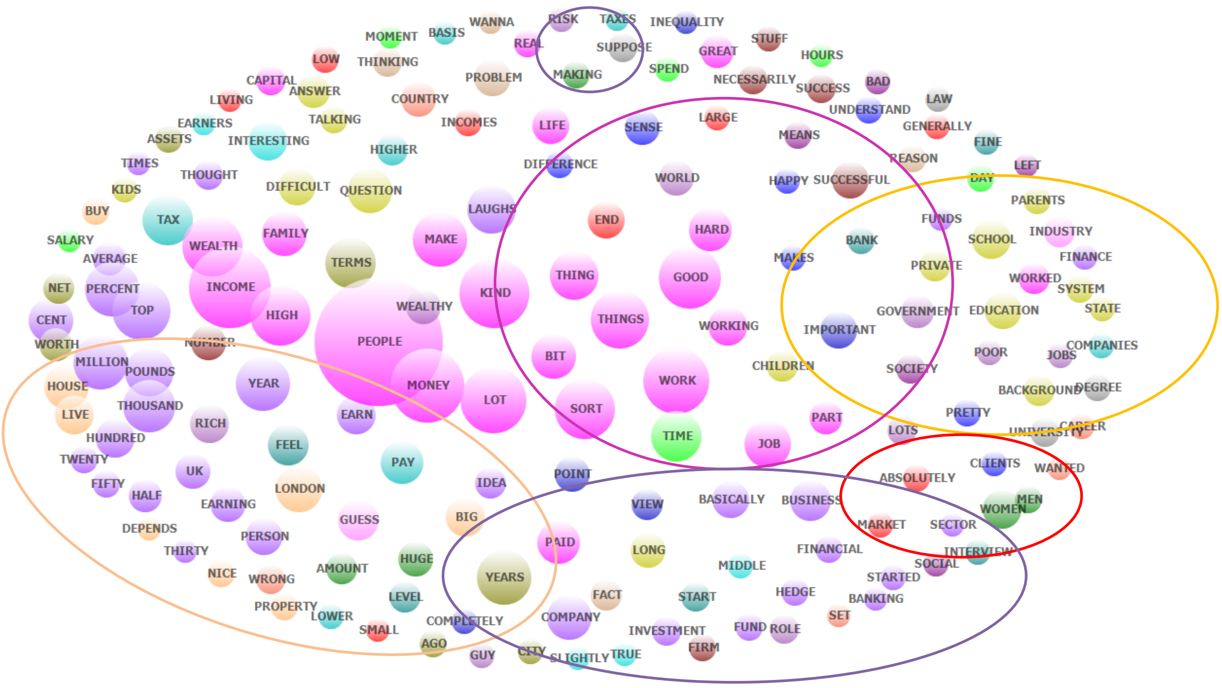
The process of coding was iterative; I coded, re-coded, merged and divided my codes based on new information from additional interviews (see Appendix 3 for a list of codes). The analysis presented in this chapter was computer-assisted by Excel and NVivo. I found that Excel has a superior functionality to NVivo for comparing and filtering participants' narratives as well as for the identification of patterns and variation in the sample. I chose representative quotes for the write-up of the research, and quantified how representative they are. Further, I analysed the contrary or 'deviant' cases (Bryman, 2008, p. 539; Seale, 1999, p. 78 respectively), i.e. the social evaluators, to investigate variation in the data.

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 analyse 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.

Robustness check with quantitative text analysis

As a robustness check, to make sure that important themes in the interview data are not overlooked and to aid the identification of group differences, I used a quantitative text analysis tool, QDA Miner with WordStat, for an exploratory cluster (mapping) analysis. These findings are useful in combination with the findings derived from manual, conceptual coding using NVivo. Figure 2.2 displays 40 clusters of the most frequently occurring words; each colour stands for a separate cluster. Key clusters include what I term 'elite accumulatory struggle' regarding private schooling for children (yellow cluster on the right) and London housing specifically "nice London property or houses" (orange cluster on the left). The latter cluster also includes the word "depends" which I discuss in relation to the concept of 'relative richness', which I will propose in *Chapter 7 High incomes and richness as 'relative' concepts*. There is also a cluster including “hard work” and being “good” at work (as well as one including “spend[ing]” “[a lot of] hours a day [working]”; see bright green bubbles) which I will discuss with reference to ideas of meritocracy (the pink cluster in the middle) in *Chapter 4 Top incomes as meritocratic*. Another cluster, which I discuss in *Chapter 4* as ‘economic evaluation’ includes “risk [taking]” by a “guy”, financial investment and entrepreneurship (purple cluster at the top and bottom). We also see “the market”, “the finance sector”, “capital income”; “number” and “success”.

Figure 2.2 Word map (40 clusters) of all interviewee data



Note: The circles surrounding particular clusters were added manually to highlight themes which overlap with the key themes derived from manual coding. Computation settings which derived this cluster map included: add words with frequency larger than 60; remove items with case occurrence less than 5; derive 40 clusters. Data included in the WordStat analysis: all 30 interviews excluding interviewer data.

I used the WordStat data clouds to compare different sub-samples with each other. The word cluster for males compared to the one for females (Appendix 4) highlights that “guys taking risk” is a common theme for the former but not for the latter. This could be because some of the highest earners were male entrepreneurs. I asked participants whether gender makes a difference to one’s chances of earning a high income. The WordStat analysis shows that while women talk about “women and men", men talk about "women" only when asked about gender. However, both female and male participants refer to hard work (pink cluster) in line with Sherman's (2017) findings.

In addition, I compared those with incomes below and those with incomes above £1m (Appendix 4b). "Private School" is missing from the world cloud of those earning over £1m; this could be because they do not report any struggle regarding affording schooling; instead they explain how happy they are that they can provide the best education for their children (another cluster among those highest earners is "kids, happy"). The richest also refer to "the average person". As those with highest incomes are mainly men, we can see again that these participants refer to "women" rather than "men" and "women" when talking about gender, reflecting gendered assumptions.

Limitations

As with much qualitative work, my sample is not representative and I cannot generalise the findings to the population of top income earners. However it is possible to deduce useful hypotheses and implications for future work (Khan, 2008; Sherman, 2016). 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 (self-selection bias), and respondents may have been more likely to justify their earnings in discussion with a sociologist. Unlike with the focus groups however, there is no LSE bias among the interview sample (only three qualitative interview participants are LSE graduates).

Further, my focus on top income earners excludes perspectives of partners of top income earners who may not necessarily be top earners themselves, as researched by Glucksberg (2016a) and Sherman (2017). As participants have been sampled based on the criterion of earning top incomes (through employment, self-employment or entrepreneurship), my sample also does not include rentiers who exclusively derive their income from capital. Additionally, as discussed, there are other ways of operationalising 'elites' including the institutional approach, whereby elites are "people who occupy commanding positions within the set of institutions that are most salient to national political influence and policy-making within a country" (Reis and Moore 2005, p. 2). Though there is some overlap between my sample and institutional elites (because large companies and business organizations also yield political influence), my sample does not include a variety of institutional elites, such as members of representative political institutions, the civilian public bureaucracy, the armed forces, the police and others. However, due to the focus of this study on perceptions towards top incomes and wealth, sampling ‘economic elites’, operationalized as the top 1 percent, is justified.

A further limitation of the research design is that my use of 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, 2016a; Nichols and Savage, 2017). 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, as this research focuses on individuals’ perceptions towards income inequality, rather than on what actions are taken, the choice of methodology is justified. Nevertheless, it is a serious limitation of my interview study, compared to ethnographic research, that I was unable to analyse whether and how participants’ opinions change or evolve over time (Skeggs, 1997; 2001).

Though my study was not ethnographic, I engaged with financial news, and paid attention to ‘elite’ voices in the media to familiarize myself with the research setting (this data could provide data for a study of its own if systematically analysed). ‘Elites’ are more vocal in the press, the political process and in social science research. For instance, those with highest household income and wealth, as well as highest levels of education were disproportionally participating in the GBCS. Hence, elite voices are more commonly available than sometimes assumed in methodological discussions on ‘elites’. I also immersed myself with top income earners in my private life; leading to close friendships with people in the finance industry. The choice of interviews for this study is justified because negotiating access is less difficult and facilitates the comparison of narratives by participants from different industries, occupations and organizations. Further, 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).

Reflexivity

My research was motivated by a personal concern with inequality; globally and in the UK (Atkinson, 2015). As a result, I am not a disinterested, objective observer. To demonstrate this, I tried to write myself into the study (Khan, 2008). For instance, during my fieldwork, I noticed homeless individuals in the City of London on my way to interviewing a hedge fund manager, demonstrating how present vast inequality is in my research setting. Importantly, part of the ethics of research is what is worthy of knowing (Skeggs, 2001). Therefore, I reflexively reflected on my wish to shift the focus of studies on social class and inequality away from a preoccupation with the occupations and low incomes of the poor, to an analysis of the capital accumulation of the rich (Savage, 2015a).

The co-production of interview data can include participants who produce themselves as competent interviewees, and a researcher who tries to perform a 'competent' interviewer-self (Rapley, 2001). Instead of dismissing these social processes as contaminating the data, they are analysed with respect to what they entail about the processes under study. This requires reflexivity regarding my positionality and an acknowledgement of how the research is situated in contemporary power relations. My positionality includes that I am a researcher concerned about inequality; immersed in social science literature which problematizes economic inequality. This is different from my interviewees who are immersed in the financial industry, a sector of the economy which produces inequality (Atkinson, 2014).

Ethics

Ethics need to inform all stages of the research process, including choice of research topics and participants, access, interpretation and representation (Skeggs, 2001). This requires reflexivity throughout the research process, from choice of topic to writing research. Further, knowledge is produced through encounter. Participants enabled me to do research, and allowed me to gain academic legitimacy (Skeggs, 1997).

Issues of no-harm, autonomy and informed consent are seen as less central when dealing with 'elite', articulate participants. However, these issues are very important; vulnerabilities exist. For instance, the highest net worth individuals in the sample were incredibly concerned about their privacy. Hence, I took confidentiality very seriously throughout the research process. I prepared an information leaflet and an informed consent form so that participants were fully informed about the research purpose, the researcher and why they were invited to take part. I followed the LSE research ethics guidelines. I explained the research purpose to participants before the interview, assured them of confidentiality (stressing that neither their name, nor the name of their company or competitor companies would be divulged) and asked them for written consent. I took particular care to protect research participants' data and to anonymize accounts of respondents in the research write-up.

Further, there is a lot of criticism of 'the 1 percent', or 'elites' in the media, as well as in some academic research presented at conferences. Though my perspective includes a strong concern with inequality, I do not view approaches which present rich individuals as generally bad, greedy and arrogant individuals as helpful from a social scientific point of view. Instead, it is analytically advantageous to try and understand the viewpoint of participants, following through the logic of their world view in their own terms (Savage, 2014). Analysing the accumulation strategies of 'elites' from their perspective, from which they are useful and sensible, without importing assumptions, is helpful for understanding how they view economic inequality. In sum, addressing my research question required methodological pluralism, overcoming challenges of accessing participants, reflexivity about the research limitations and my own role as knowledge producer, as well as ethical concerns for participants' confidentiality and legitimacy.

Chapter 3 A descriptive portrait of 'the top' in the Great British Class Survey: Wealth and meritocracy

Introduction

In this chapter, I set the scene by describing the socio-demographic characteristics of those at the top of the income distribution, as well as explore the data we have on their attitudes towards inequality. Specifically, I analyse the views of Great British Class Survey (GBCS) participants with top household incomes towards what is important for career success, distinguishing between 'meritocratic' and 'social reproduction' items (part of these findings are published in Savage et al., forthcoming). As discussed in the previous chapter, there are few quantitative explorations of the top, due to lack of data and numerous data issues. In the absence of nationally-representative data on the characteristics and attitudes of those with top incomes, I analyse the GBCS dataset which includes an unusually large sample of high income earners, their characteristics and attitudes. Even though the GBCS data is not representative of the general population, it is useful precisely because it was predominantly the economically advantaged and highly educated who completed the survey (Friedman et al., 2015). Their disproportionate participation in the GBCS can be seen as performative of their 'eliteness' (Savage, 2015a; Cunningham and Savage, 2015).

The focus of my findings is on the concept of 'meritocracy' to which I will return repeatedly in this thesis. Meritocracy is the idea "that whatever our social position at birth, society ought to offer enough opportunity and mobility for 'talent' to combine with 'effort' in order to 'rise to the top'" (Littler, 2013, p. 53). This concept is important for understanding how the economic 'elite' perceive economic inequality. Nevertheless, I also find that the idea of meritocracy is important for how most GBCS respondents think about what is important to achieve career success. As I will discuss in *Chapter 4*, the nineteenth century distinction drawn by the classical economists between workers, capitalists and landlords as three social classes, who derive income from labour, profits and rents respectively (Atkinson, 2015; Sandmo, 2015), is not so clear-cut anymore; top income earners have caught up with or overtaken those living off capital income, pointing towards a shift in the composition of 'economic' elites away from a land-owning, aristocratic or capitalist rentier 'elite' to a 'meritocratic' financialized economic elite (Savage et al., 2018), away from aristocratic 'entitlement' towards 'meritocratic' privilege (Khan, 2008).

Meritocracy was coined just over 60 years ago by sociologist Alan Fox, who used it as part of a socialist critique of the reproduction and legitimation of social stratification (in 1956; see Littler, 2013). Michael Young (1994 [1958]), who is more commonly seen as having introduced the term, describes 'meritocracy' as produced through the formula $I + E = M$; intelligence combined with effort equals merit (Littler, 2013). Young made the case for meritocracy as an alternative to inherited privilege, but provided a dystopian vision of a society in which new and unjust social divisions are justified based on meritorious grounds (Ibid.). In 1973, Daniel Bell offered a positive interpretation of meritocracy and argued for 'equality of opportunity' rather than 'equality of result'. The former was argued to be in line with a liberal position while the latter was seen as socialist (Littler, 2013). This 'equality of opportunity' perspective is close to the contemporary use of meritocracy, in particular by 'elites'. In contrast, many social scientists (e.g. Hills et al., 2010; Atkinson, 2015; Savage, 2015c) agree that inequality of outcomes matters as it directly affects the equality of opportunity for the next generation.

Meritocracy is important for how the top views economic inequality. 'Elites' are argued to make sense of or justify their position with reference to meritocracy, and in particular through a performance of 'hard work' (Khan, 2011; Littler, 2013; Khan and Jerolmack, 2013; Sherman, 2016). Khan (2008; 2011) argues that old 'elites' relied on entitlement by birth while new 'elites' embrace meritocracy because it allows them to frame their advantaged position as the result of their skill and hard work. Given that those at the top are seen as winners by merit, it is perhaps unsurprising that the privileged are more likely to believe in meritocracy (Littler, 2013). In this chapter, I will investigate GBCS participants' attitudes towards economic inequality and social class, exploring whether those with highest household incomes hold more meritocratic attitudes than all others.

Presentation of findings: Comparing 'the top' to 'all others'

I explored the GBCS to find out more about the socio-demographic characteristics and attitudes of GBCS participants who indicated that they live in high-income earning households, have high savings or own property of high value. I present descriptive statistics including bivariate relationships. Specifically, I compare the responses of GBCS respondents with the highest net household incomes and those with highest assets (savings and house value) to ‘all others’. The precise question used to categorize participants in the GBCS by their income is *What is the annual income of your entire household after taxes?* The top categories are £200k or higher, £150-199k, £100-149k, and £45-99k. ‘All others’ are those with annual household income after taxes below £45k. For house value, the top category is £500k and for savings the top category is £200k or higher (Table 3.1)[69].

The GBCS data presented here is not equivalized; i.e. it does not account for differences in household composition, meaning differences between the living standards of a single person, a couple or a couple with children. Therefore, I have to approximate, that the three highest categories correspond to *the top 1 percent of the distribution of household incomes* in the UK (or the two highest depending on household composition)[70]. Dorling (2014) estimates, with reference to a report by the Institute for Fiscal Studies, that for a household to qualify to be a member of the top 1 percent in the UK, an income of approximately £115k a year from all income sources after income taxes is needed in 2011–12 (or £147k before tax). Dorling (2014, p. 2) notes that “this estimate is for a childless couple. Should you be single, you can enter the 1 percent with a little less; should you have children, you’ll need a somewhat higher household income”. According to national statistics from HM Revenue & Customs, estimated from the SPI, the 99th percentile point on the income distribution (i.e. the threshold of the top 1 percent) for an individual was £100k after tax in the tax year 2011-12. Pre-tax data from the WWID which refers to the income of individuals (Jenkins, 2016) indicated that the income threshold of the 99th percentile in 2011 was £120,147 (Alvaredo et al., 2015).

I compare those with the highest household incomes after taxes in the GBCS and USoc to ‘all others’ which I defined as those with net household income below £45k. According to Household Below Average Income (HBAI) statistics, the cut-off

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[69] This compares to Keister’s (2014) research which focused on the top 1 percent of US individuals by total household income (before taxes) and the top 1 percent of wealth owners in the 2010, with thresholds of inclusion of approximately $600k and $6.8 million respectively.

[70] The GBCS data does not include data about how many children live in the household (data necessary to fully equivalize household income). Question 39 of the GBCS asks participants about their marital status and number of children, but there is no data on how many children live in the household.

point for the top decile in net equivalized[71] household income from all sources was approximately £45k in 2011/2012 (£46k in 2012/2013, Department for Work and Pensions, 2014)[72]. However, since GBCS participants' household income data is not equivalizable, it is not possible to place participants' income on the distribution of household incomes in the population. Hence, I compare GBCS data to the non-equivalized household income of the nationally representative USoc. An annual non-equivalized net household income of £45k represents the income of the top quartile of the household income distribution in USoc. In other words, the household income of 'all others' in the GBCS refer to approximately the bottom 75 (rather than the bottom 90) percent of the net household income distribution. These individuals are underrepresented in the GBCS, because they only make up 51 percent of the sample (n=120k).

I compare the findings from the GBCS with the 1 percent of households in the largest general British representative panel survey, USoc, which has a sample size of 40,000 (31,821 after accounting for sampling weights). Even though USoc is a nationally representative dataset, it also does not provide representative data for individuals with top household incomes. I compare the findings of the GBCS with data from the Survey for Consumer Finances (SCF) in the US (Keister, 2014). Keister's (2014) work is based on the 2010 US SCF and therefore ahead of data in the UK, because a comparable dataset in which high-income households are oversampled to address issues with representativeness is not available in the UK. Nevertheless, apart from basic demographic traits for top income earners and wealth holders, little is known about the top 1 percent of US households as measured by income or net worth (Ibid.).

Socio-economic and socio-demographic characteristics at 'the top'

The most striking differentiation between the top and all others is the sheer amount of the former group's assets. Participants with household incomes after taxes of £200k and higher are 34 times more likely to own property worth higher than £500k and 16 times

[71] The data are equivalized to account for differences in household size using the so-called modified-OECD equivalence scale (Jenkins, 2016). This scale assigns a value of 1 to the household head, of 0.5 to each additional adult member and of 0.3 to each child (OECD, 2017).
[72] This figure is derived from the spreadsheet accompanying Chart 2.4 (BHC) in Department for Work and Pensions (2014); the weekly cut-off for the top decile (in £10 intervals) is £880 (880*52= £45.75k).

more likely to have savings higher than £200k than are all others (Table 3.1). Those with top household incomes (£200k or higher) are also distinct in regard to their occupation; as I will discuss. Focusing on differences between those with highest amounts of savings and all others, as well as between those with highest property value and all others, we can see that the associations are broadly similar (though less strong) than those between participants with highest household incomes and all others.

Table 3.1 GBCS respondents' household incomes, property values and savings

Socio-demographic characteristics	Household Income after taxes					Savings** and property value			
	£200k+	£150-199k	£100-149k	£45-99.9k	All others	Sav>200k	All others	Prop>500k	All others
Male	67.1	60.3	61.4	53.4	48.4	66.7	50.1	59.7	50.8
Age	42.0	41.7	41.3	40.0	39.5	51.0	38.7	46.4	39.1
Ethnicity									
White - British, Irish, other	88.8	90.1	90.6	91.9	92.3	92.8	91.8	91.7	92.0
Asian/Asian British	3.0	3.4	2.9	2.1	1.3	1.7	1.8	2.3	1.7
Rather not say	2.6	1.7	1.6	1.8	2.3	2.3	2.1	2.0	2.1
Other ethnic group	1.4	1.0	1.1	1.1	1.1	1.0	1.1	1.2	1.1
Chinese/Chinese British	1.0	1.0	1.0	0.8	0.6	0.7	0.7	0.9	0.7
Mixed race - other	1.0	0.8	0.7	0.6	0.7	0.4	0.7	0.6	0.7
Mixed race - White a. Asian/Asian Brit.	0.6	0.5	0.7	0.5	0.5	0.4	0.5	0.5	0.5
Middle Eastern/Middle	0.6	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Black/Black British	0.5	0.7	0.8	0.7	0.7	0.2	0.8	0.4	0.8
Mixed race - White a. Black/Black Brit.	0.4	0.3	0.3	0.3	0.3	0.1	0.3	0.2	0.3
Married/living with partner	81.6	81.4	80.8	81.1	56.9	82.5	67.3	84.4	67.0
Having children	64.0	60.1	58.3	52.7	43.8	69.9	46.5	72.2	46.2
Education									
Degree-level Education	86.9	86.2	84.6	78.7	66.5	79.7	72.4	82.7	72.0
Postgraduate degree	46.4	45.1	43.3	38.1	27.0	40.5	32.2	42.0	32.0
Undergraduate degree	40.6	41.1	41.2	40.6	39.5	39.2	40.2	40.8	40.0
Occupation									
Senior managerial	45.4	43.1	36.7	22.0	8.9	36.7	14.9	36.5	14.8
Traditional professional	32.6	30.1	28.2	21.8	13.3	26.0	17.3	26.4	17.3
Family background (occupation)									
Senior managerial	38.9	34.1	30.7	21.7	14.9	28.4	18.3	32.6	17.8
Traditional professional	26.3	24.7	23.2	18.8	13.9	22.5	16.2	24.2	16.0
GBCS elite class* **	100.0	99.9	91.7	27.7	8.9	92.3	17.1	91.4	16.9
Value of property >500k	76.1	56.2	38.2	11.1	2.2	44.4	6.5		
Value of savings >200k**	68.8	40.2	27.1	10.2	4.3			42.9	6.1
% of GBCS sample	1.9	1.8	5.8	39.5	51.0	9.84	90.16	10.19	89.80
Number of individuals*	4,521	4,239	13,413	91,998	119,004	22,949	210,224	23,772	209,401

Key			
	5%	50%	95%

Notes: All figures are percentages except age and number of individuals.

* Due to missing values there is a difference of 2 between the number of individuals who have indicated their household income and those who indicated savings and property value.

** Aside from value of house.

*** Others are assigned to either the established middle class, or technical middle class.

Source: GBCS, waves 1 and 2 (Savage and Devine, 2015).

Relationship between income and wealth

As expected, there is a positive relationship[73] between income and wealth among GBCS respondents (Cowell et al., 2016). The data shows that of respondents with household incomes of at least £200k, 76 percent also own property assets worth more than £500k, and 69 percent have savings larger than £200k. In comparison, those with household incomes between £100-149k are approximately half as likely to do so (38 and 27 percent, respectively). This highlights stark wealth differentials among participants with highest household incomes. I will return to this finding in *Chapters 6* and *7*, where I discuss my qualitative finding that wealth, including property assets, investments and "liquid assets", is crucial for top income earners' perceptions of economic inequality and for how they explain what a high income and a rich family mean to them.

Socio-demographic characteristics and family life

GBCS participants with the highest household incomes are 5 times more likely to work in a senior managerial position and approximately 2.5 times more likely to work in a traditional professional occupation than are all others. In addition to working in more advantaged professions themselves, they are also approximately 2.5 times as likely to have a senior managerial background (39 percent vs 15 percent), and twice as likely to have a traditional professional background compared to all others (26 percent and 14 percent respectively). Those with highest household incomes are also distinct in regard to their education; specifically, it is postgraduate degrees which distinguish those with top household incomes from all others (46 percent hold these degrees compared to 27 percent of all others) (Table 3.1).

These findings are in line with Keister (2014, p. 16.10) who finds that the 1 percent in the US tend "to have at least a college education, and to be employed in the professional and managerial occupations[74]". Comparing GBCS data to findings from USoc shows that there are similar associations in USoc and GBCS; in regard to

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[73] As Keister (2014) estimates from the US SCF, the correlation between total household income and total household net worth has been about 0.50 to 0.60 since 2001. This correlation is reasonably high. The categorical GBCS data does not allow the computation of a correlation.

[74] For the top 1 percent of income holders and top 1 percent of net wealth holders respectively, the average age is 55 and 60 years; the percentage of individuals with college or graduate level education is 92.2 and 86.4, and the percentage of those in managerial/professional occupations is 84.3 and 72.9.

occupation, family background and degree-level occupation[75] (Table 3.2). The association between level of education and household income is even stronger in the USoc data, whose nationally representative respondents are generally less highly educated than those in GBCS (Table 3.2). USoc respondents with household incomes of £200k are 3 times as likely to have degree-level education as are all others.

GBCS respondents with highest household income are slightly older on average and more likely to be male than all others. Only 33 percent are female. USoc respondents with high household income are less likely to be male than are those from the GBCS or the SCF (Table 3.2); only 51 percent with highest household income after taxes (£200k or higher) are male. However, there are differences in occupations by gender: men are more likely to be large employers or to be employed in higher management than women (11 percent vs 4 percent) and more likely to work in higher professional occupations (30 percent vs 16 percent). Women with highest household income in USoc are more likely to be in lower managerial and professional occupations (30 percent vs 24 percent of men) and much more likely to work in intermediate occupations (18 percent vs 1 percent of men) (not shown).

In the US SCF, those within the 1 percent of highest incomes are much more likely to be male than those with highest incomes in the GBCS (98 vs 67 percent). The reason for this finding maybe due to differences in survey methodologies. In the GBCS, we do not know whether a respondent is the main earner whereas in the SCF it is assumed that male respondents (in case of a mixed-sex couple) or the older respondent (in a same-sex couple) are the economically dominant person in a household (Federal Reserve, 2014). Given that in 2013 only 18 percent of those within the top 1 percent highest individual incomes in the UK were female (Atkinson et al., 2016), it is likely that a higher percentage of male than female GBCS participants with highest household incomes are the main earners. However, the SCF methodology, which is not compatible with feminist conceptualizations, is likely to underestimate the proportion of women among the 1 percent.

In regard to their family life, GBCS participants with highest household income are approximately 40 percent more likely to be married or living with their partner than are all others, even though the former are on average only 2.5 years older. Those with

[75] Net household income has been coded so that it corresponds to the GBCS annual household income brackets.

highest household incomes are also 50 percent more likely to have children. Just over 80 percent of both male and female GBCS participants with highest household incomes are married or living with their partner compared to just under 60 percent of all others. In the US, the 1 percent are also "disproportionally […] married [or living with a partner]" (Keister, 2014, p. 16.10). Of the top 1 percent in the US, a striking 93.2 percent are married or living with their partner[76] (Ibid.). Of the 4,521 GBCS participants with highest household incomes, 54 percent are men who are married or living with their partner, 13 percent are men who are not married or living with their partner, 27 percent are women who are married or living with their partner, and 6 percent are women who are not married or living with their partner[77]. I address the family life of economic 'elites' in *Chapter 5*. For many of my interview participants, top income occupations are not seen as compatible with a couples' wish to combine dual-earning careers and having children.

GBCS respondents with top incomes are not distinctive in regard to their 'race' or ethnicity compared to all others (Table 3.1). They are ever so slightly less likely to be white than all other respondents (89 vs 92 percent) and slightly more likely to be Asian/Asian British, Chinese/Chinese British and Middle Eastern/Middle Eastern British compared to 'all others'. USoc respondents with highest household income on the other hand are more likely to be white than those in the GBCS (94 compared to 89 percent). Similarly to the GBCS respondents, individuals from highest income households in USoc (£100k and higher) are predominantly white, but slightly more likely to be Asian/Asian British than all other households. In contrast, Keister (2014) shows that of the 1 percent in the US, 91 percent are white (non-Hispanic) compared to 69 percent of the bottom 90 percent of the income distribution[78]. Only 0.2 percent of the top 1 percent in the US are African American, compared to 15 percent of the bottom 90 percent of the distribution. These numbers highlight stark racial inequalities in the US. In the GBCS, 0.5 percent of those with highest household incomes are black

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[76] These findings are similar for those of the top 1 percent of net worth holders (n=3,253), 95.8 percent are male, 92.5 percent are white (non-Hispanic) and 90.5 percent are married or living with a partner (Keister, 2014).

[77] Therefore, a majority of GBCS respondents with household incomes after taxes of £200k or higher who are not married or living with their partner are male (68 percent).

[78] Keister (2014, p. 16.10) states that these patterns have not changed much from 2001-2010 and the demographic patterns do not vary much when wealth is defined as financial wealth rather than net worth. Further, "the patterns are almost identical for the top 0.5 percent of income earners and wealth owners".

compared to 0.7 percent of all others. However, as the GBCS is not representative of the UK population, and data from USoc does not provide a good representation of the top 1 percent of the distribution, we need to be cautious in comparing these data directly.

Like the 1 percent in the US, most GBCS respondents with top household incomes are employed; however, they are much more likely than all others to be self-employed; 32 percent of those with highest household incomes are self-employed. This is approximately 3 times as likely as are all others (not shown in the table). Keister (2014) explains that that entrepreneurship is an important way for individuals to move up in the wealth distribution.

Table 3.2 Understanding Society respondents' household incomes

Socio-demographic characteristic	**Household income after taxes**				
	£200k+	£150-199k	£100-149k	£45-99.9k	All others
Male	51%	53%	50%	52%	47%
Age	53.3	53.9	48.1	46.4	53.1
Ethnicity					
White	94%	95%	89%	91%	93%
Mixed	1%	0%	1%	1%	1%
Asian	4%	5%	7%	5%	3%
Black	1%	0%	2%	2%	2%
Other ethnic group	0.0	0.0	0.0	0.0	0.0
Married/living with partner	85%	92%	83%	84%	61%
Education					
Degree-level Education	63%	58%	57%	43%	21%
University higher degree	28%	31%	31%	20%	8%
first degree or equivalent	35%	27%	26%	23%	13%
Occupation (NS-SEC)					
Large employers & higher management	8%	16%	13%	9%	3%
Higher professional	24%	16%	21%	13%	7%
Lower management & professional	30%	28%	33%	37%	26%
Intermediate	8%	9%	12%	12%	15%
Small employers	20%	22%	14%	10%	11%
Lower supervisory	2%	1%	3%	6%	9%
Semi-routine	5%	5%	5%	10%	19%
Routine	3%	3%	1%	4%	11%
Number of individuals	130	110	457	7,417	23,708

Source: Understanding Society wave 4 (Data collection in 2012-2013) (University of Essex Institute for Social and Economic Research and National Centre for Social Research, 2014).

Note: n = 31,979.

Geography

GBCS respondents with highest household incomes are the most distinct from all others firstly in regard to their wealth, secondly by their ‘elite’ social class and their self-identification as upper middle class, and thirdly by indicating that they live in large houses in a city (Table 3.3). Living in large houses in a city is the modal category for respondents with household incomes of £150k and higher, followed by detached family homes and flats in the inner city. Of those with highest household incomes, 37 percent indicate they live in large houses in the city compared to 3 percent of all others. The former are disproportionately located in London; 44.2 percent of those with household incomes of £200k or higher, 35.9 percent of those with household incomes of £150-199k, and 33 percent of those with household incomes of £100-149k live in London (Table 3.3). This compares to 13.6 percent of all other respondents. USoc respondents with highest household incomes are less disproportionally located in London than GBCS respondents. However, they are twice as likely to reside in the capital and almost twice as likely to live in the South East as all others (Table 3.4).

These findings chime with Savage’s argument that the ‘elite’ social class is one of urban property. Reviewing the implication of Piketty’s (2014) work for social change, Savage (2014, p. 600) suggests that “[t]he most fundamental shift is that from capital tied up in agricultural land to that tied in housing”. Piketty demonstrated that property assets are taking up an increasing share of overall wealth and that housing is the largest source of capital in all countries apart from the US (Savage, 2014). The high likelihood of the ‘economic elite’ to live in large houses in a city or in flats in the inner city are interesting in light of Piketty’s (2014) empirical findings. Further, in their analysis of the GBCS, Cunningham and Savage (2015) argue that living in London can be seen as part of what it means to be ‘elite’. Piketty (2014) finds that in order to buy property in London or Paris without having inherited money, individuals need to be situated in the top 2-3 percent of the income distribution. I will return to the centrality of property in London for the participants of my qualitative interviews in *Chapter 7*.

Table 3.3 Geographic location of GBCS respondents

Geography	Household Income after taxes					Savings and property value			
	£200k +	£150-199k	£100-149k	£45-99.9k	All others	Savings>20(	All others	Property>5(	All others
Region									
London	44.2	35.9	33.0	21.3	13.6	22.5	18.3	35.4	16.9
South East	20.6	22.6	21.7	18.7	15.1	22.5	16.6	26.3	16.1
East of England	10.1	10.1	10.5	10.1	9.3	11.1	9.5	10.9	9.6
South West	4.7	5.9	6.4	8.5	10.7	9.6	9.4	8.1	9.5
Scotland	4.2	5.2	5.7	7.3	8.2	6.5	7.7	3.5	8.0
North West	3.7	5.3	6.0	8.4	10.1	6.8	9.2	3.9	9.6
Yorkshire and The Hum	3.6	3.4	4.6	6.9	9.0	5.6	8.0	3.1	8.2
West Midlands	3.4	4.5	4.3	6.3	7.5	5.4	6.8	3.5	7.1
East Midlands	2.8	3.7	3.9	6.0	7.2	5.0	6.5	2.5	6.8
North East	1.0	1.5	1.5	2.6	3.5	1.9	3.1	1.0	3.2
Wales	1.0	1.7	1.8	3.0	4.5	2.5	3.7	1.4	3.9
Northern Ireland	0.7	0.4	0.5	1.0	1.3	0.7	1.2	0.4	1.2
Indicated living in Neighbourhood									
large houses in city	36.7	26.8	20.0	8.3	3.4	21.8	5.8	29.4	4.8
Detached family homes	22.2	24.7	25.5	20.2	11.1	30.3	14.4	30.8	14.3
Flats in inner city	20.4	18.3	16.8	12.9	11.4	10.8	12.8	13.2	12.5

Source: GBCS waves 1 and 2.

Table 3.4 Geographic location of USoc respondents

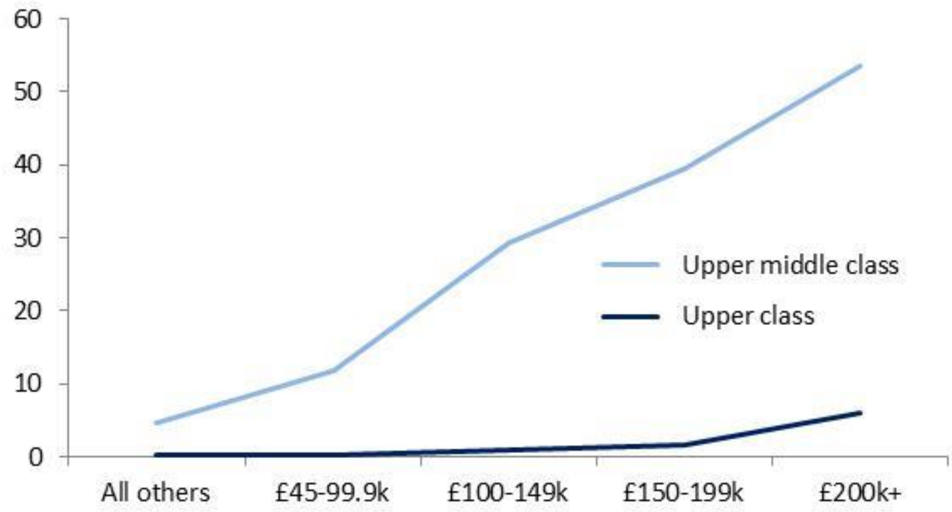
Geography	Household income after taxes				
	£200k+	£150-199k	£100-149k	£45-99.9k	All others
Region					
London	22%	11%	27%	16%	10%
South East	19%	25%	22%	16%	12%
East of England	10%	11%	11%	10%	10%
East Midlands	10%	6%	3%	6%	8%
North West	9%	9%	8%	10%	12%
West Midlands	8%	6%	8%	9%	8%
Scotland	5%	10%	5%	8%	8%
Wales	4%	4%	4%	4%	5%
South West	4%	4%	6%	8%	10%
North East	4%	4%	3%	3%	5%
Yorkshire and the Humber.	3%	9%	3%	7%	9%
Northern Ireland	2%	0%	1%	3%	3%

Source: Understanding Society wave 4 (Data collection in 2012-2013) (University of Essex Institute for Social and Economic Research and National Centre for Social Research, 2014).

Class consciousness and self-identification

The vast majority of participants in the highest income brackets are assigned to the 'elite' social class by the latent class analysis (LCA) of Savage et al. (2013; 2014) (Table 3.1). Very high economic capital was indeed most important in the LCA by Savage et al. (2013) for determining whether participants belonged to the 'elite' social class. In regard to their attitudes, the starkest differences between the top and all others relates to self-identification with an advantaged social class. Those at the top are 12 times more likely to self-identify as upper middle class compared to all others and 28 times more likely to self-identify as upper class[79] (Figure 3.1). Participants with highest household incomes are slightly more likely to view themselves as belonging to a social class compared to all other individuals (Table 3.5). When prompted to choose which class they think they belong to, a majority of respondents with highest household incomes indicate they feel that they belong to the upper middle class (53.6 percent). Strikingly, a significant minority (5.9 percent) indicates they belong to the upper class (this compares to 0.2 percent of all other respondents). Therefore, self-identification as part of an advantaged 'upper' or 'upper middle class' increases disproportionally at the top of the distribution (Figure 3.1). Economic 'elites' as defined by their household income, savings or property, disproportionately identify with advantaged social classes (middle and upper) (Table 3.5). Hence a majority of GBCS participants with highest household incomes are aware of their advantaged class position (compare with Khan, 2012b).

Figure 3.1 Percentage of self-assigned social class by household income after taxes (GBCS)



Source: GBCS waves 1 and 2.

[79] Those with highest household incomes are 4.5 times more likely to know an aristocrat than are all others, and 4 times as likely to frequent the opera. By contrast, the top are only 1.2 times as likely to see hard work as important for career success.

Table 3.5 Self-assigned social class by household income after taxes (GBCS)

Attitudes to social class	Household Income after taxes					Savings** and property value			
	£200k+	£150-199k	£100-149k	£45-99.9k	All others	Sav>200k	All others	Prop>500k	All others
Identification with social class									
Think they belong to a class	55.4	55.2	55.0	52.3	48.7	56.4	50.1	59.0	49.8
Self-identify as blonging to									
Upper middle class	53.6	39.4	29.3	11.7	4.7	32.0	8.1	36.3	7.5
Middle middle class	31.4	43.0	48.0	42.8	27.0	46.5	33.5	47.0	33.4
Upper class	5.9	1.7	0.9	0.3	0.2	2.1	0.2	2.0	0.2

Source: GBCS waves 1 and 2.

Latent Class Analysis: Attitudes towards what matters for career success

I will now turn to what can be inferred from the GBCS about attitudes towards economic inequality. *Inferred* needs to be stressed, as specific data on views towards economic inequality is not available, hence proxy measures including attitudes towards what is important for career success and whether social mobility is seen as easier, are referred to. Specifically, I analyse responses to the GBCS question "*Here is a list of things that are sometimes said to be important in helping people to get a good job and achieve career success. Please indicate which, in your opinion are the three most important*" as a proxy for views on economic inequality. This question included 17 response options; hence LCA on these items was run to identify response patterns, i.e. which items were chosen together[80]. USoc data does not include comparable attitudinal data; however, I compared the distribution of answers in the GBCS to the one of the small GfK surveys connected with the GBCS[81].

GBCS respondents were most likely to pick 'level of education' as one of their three choices (58 percent). 'Level of education' was also the most popular first choice (25 percent picked it first). The next most frequently chosen items were 'hard work', 'personal ambition' and 'natural ability' (Figure 3.2). I term these items 'meritocratic'

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[80] I conducted the Latent Class Analysis as part of the MY555 Multivariate Analysis and Measurement course at LSE (the assignment was awarded a first). I am very grateful for Dr Sally Stares for her helpful advice.

[81] The GfK data is not based on a random sample but on a quota sample. Therefore, this data cannot be used to make inferences to the population which is why I focus my analysis on the GBCS data which has the advantage of having a much larger sample size. Nevertheless, there is a striking similarity between the distributions of GfK and GBCS responses. The first three most mentioned items occur in the same order, and the five most mentioned items are the same. Therefore, I proceed to analyse the GBCS data acknowledging that it is not representative of the population.

following Friedman and Taylor (2015)[82]. The items related to social class or ‘social reproduction’ (‘being born into a wealthy family’, ‘having been to private school’, ‘having good social connections’, ‘having a family business to go to’, ‘having the right accent’, and ‘class’) are much less likely to be picked as important for career success and getting a good job. This is very interesting given that the survey was advertised as a survey about class in Great Britain; in a society in which class is said to be important (Savage et al., 2013). It is a somewhat ironic finding that only a small minority (4 percent) of the 325,000 participants, who were inclined to fill in an online survey about social class in Great Britain, actually indicate that “*class*” is important for career success. When combing all response options related to social class or ‘social reproduction’, the probability of GBCS respondents to choose any of these responses rises to 35 percent, still a minority.

LCA is a long-established technique developed by Lazarsfeld in 1950 “in which the observed associations between a set of categorical variables, regarded as indicators of an unobserved typology, are accounted for by a small number of latent categories” (Evans and Mills, 1998, p. 92). I used LCA to explore the associations between the three response options to reach a description of the latent variable ‘attitude towards what is important for career success’. The LCA was conducted on the 17 items and two-, three- and four-class models were fitted to the GfK and GBCS data. I analysed the probabilities of mentioning any item irrespective of the order of choice[83]. The patterns of response probabilities were inspected to reach an interpretation of the ‘contents’ of classes to assess whether there are response profiles which favour either ‘meritocratic’, ‘social reproduction’ or ‘other’ criteria.

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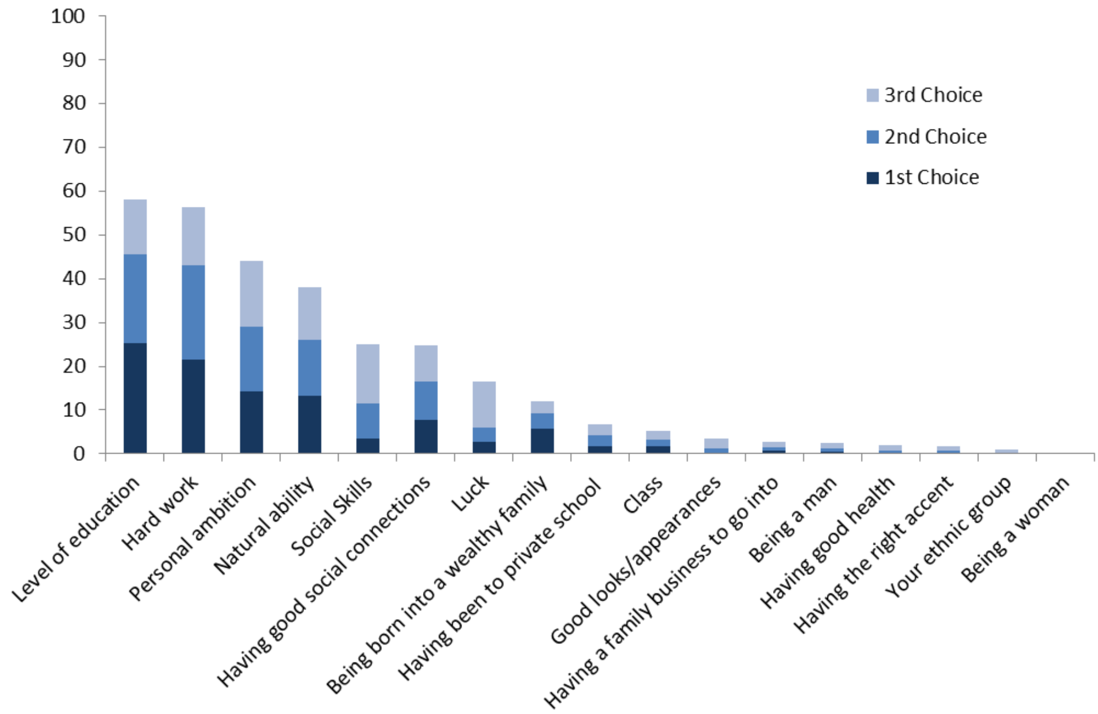
[82] Friedman and Taylor (2015, p. 19-20) state that “[t]he first, which we label ‘meritocratic’ criteria, consists of the categories ‘hard work’, ‘ambition’, and ‘natural ability’. The second set, which we label ‘social reproduction’ criteria, consist of ‘being born into a wealthy family’, ‘having been to private school’, ‘having good social connections’, ‘having the right accent’, and ‘class’. This leaves the more ambiguous and amorphous categories of ‘luck’, ‘level of education’, ‘good looks/appearance’, ‘your ethnic group’, ‘being a man’, ‘having good health’, ‘being a woman’, and ‘social skills’, which we simply term ‘other’ here”.

[83] Therefore, I recoded the 17 response options corresponding to the relevant survey question into binary variables.

Figure 3.2 GBCS responses to "the three most important things" for "helping people to get a good job and achieve career success" in percent



Source: GBCS wave 1.

Table 3.6 Response probabilities for each 'mentioned' item conditional on class (GBCS)

Item	Two-class		Three-class			Four-class			
	Class 1	Class 2	Class 1	Class 2	Class 3	Class 1	Class 2	Class 3	Class 4
Personal ambition	0.186	0.512	0.166	0.621	0.373	1.000	0.000	0.150	0.632
Hard work	0.118	0.689	0.117	0.744	0.593	0.500	0.683	0.102	0.764
Natural ability	0.143	0.449	0.113	0.000	1.000	0.174	0.501	0.106	0.576
Level of education	0.465	0.615	0.445	0.709	0.505	1.000	1.000	0.401	0.000
Social connections	0.552	0.161	0.561	0.213	0.111	0.080	0.199	0.574	0.218
Wealthy family	0.423	0.034	0.444	0.046	0.025	0.021	0.053	0.473	0.045
Class	0.185	0.015	0.195	0.021	0.010	0.010	0.025	0.208	0.017
Right accent	0.048	0.007	0.050	0.010	0.005	0.004	0.009	0.053	0.010
Private school	0.264	0.011	0.280	0.016	0.009	0.010	0.017	0.301	0.016
Family business	0.095	0.009	0.101	0.012	0.007	0.005	0.010	0.108	0.015
Ethnic group	0.031	0.003	0.033	0.004	0.002	0.001	0.004	0.035	0.004
Good looks	0.074	0.024	0.076	0.031	0.016	0.010	0.024	0.079	0.037
Being a man	0.082	0.008	0.087	0.012	0.005	0.004	0.012	0.093	0.011
Being a woman	0.007	0.001	0.008	0.001	0.000	0.000	0.001	0.008	0.001
Social skills	0.134	0.284	0.125	0.364	0.183	0.136	0.282	0.119	0.378
Luck	0.178	0.162	0.185	0.170	0.148	0.042	0.162	0.174	0.251
Good health	0.018	0.019	0.018	0.026	0.010	0.006	0.020	0.019	0.026
('prior') class probabilities	0.220	0.780	0.202	0.439	0.359	0.217	0.292	0.181	0.309

Legend (categorization of items based upon hypothesized and observed latent class models)

Meritocratic
Education
Social reproduction
Ascriptive
Social Skills
Other items

Note: Models with 17 variables. Cells highlighted in grey if response probability > 50 percent.

All latent class solutions derive a majority of respondents who selected meritocratic items and education, and a minority who pick education and social reproduction items as important for career success and getting a good job. Even among this minority, participants' probabilities to choose 'class' as important for career success are only about 20 percent. As discussed, these observations are quite extraordinary given that the survey was about social class. Respondents' views are at odds with research which demonstrates that Britain is not an education-based meritocracy (Bukodi et al., 2016), and that social class background has a substantial effect on earnings even controlling for a variety of important predictors (Laurison and Friedman, 2016).

All LCA analyses (two-, three- and four-class solutions) identified a majority of respondents who chose meritocratic items alongside level of education and a minority who chose social reproduction items alongside level of education (Table 3.6). Specifically, *the two-class solution* divides the GBCS sample into a vast majority (78 percent) of individuals with highest probabilities for choosing 'personal ambition', 'hard work' and 'level of education', and a minority (22 percent) with highest (though moderate) probabilities for choosing the 'social reproduction' items 'social connections' and 'wealthy family' alongside 'education'.

The *three-class solution* includes a minority of individuals in class 1 (20 percent) who are most likely to choose 'social connections', 'wealthy family' as well as 'level of education' (with probabilities around the 45-50 percent mark for each of these items). The largest class (44 percent) accounts for high probabilities of choosing 'personal ambition', 'hard work' and 'level of education'. The second largest class (36 percent) is again most likely to choose meritocratic items, with a probability of 1 for choosing 'natural ability', of 0.59 for choosing 'hard work' and of 0.51 for education. Finally, the *four-class solution* also identifies a minority (18 percent) with moderate response probabilities of mentioning 'social reproduction' items (with probabilities around the 50 percent mark for 'social connections' and 'wealthy family') and 'education' (0.40). On the other hand, the remaining three classes which constitute the majority of participants have high probabilities of selecting a combination of meritocratic items and education.

The latent class allocations were not used for posterior analysis[84], because the LCAs were unable to identify a coherent latent typology of response patterns and because inspection of the latent class allocations of the 'best' fitting four-class model showed that while some responses can be 'cleanly' assigned to a latent class, many are ambiguous; with probabilities of around 0.5. Therefore, even though the LCA clearly highlighted that there is a distinction between a minority 'social reproduction' and a majority of one or more 'meritocratic' latent classes across the two samples (GBCS and GfK[85]), as well as across the fitted models (two, three and four-class solutions), the latent class allocations were not applied in further analysis.

Participants with highest household incomes are more likely to choose meritocratic items, and less likely to pick 'social reproduction' items as one of the three possible choices of what they view as most important to get a good job and achieve career success. Descriptive statistics of response options conditional on household income after taxes highlight that there is a clear economic gradient in participants' response choices (Figure 3.3; see Table 3.7 for figures). GBCS respondents are more likely to name 'meritocratic' items including 'hard work', 'level of education', 'personal ambition' and 'natural ability' as their household income band increases, as well as less likely to select 'social reproduction' items. Specifically, respondents with household incomes of £200k and above are 20 percent more likely to mention 'hard work' as important for success, 10 percent more likely to select 'level of education', 15 percent more likely to choose 'personal ambition' and 32 percent more likely to pick 'natural ability' than are respondents with household income below £45k. At the same time, the highest earners are 37 percent less likely to choose any item related to 'social reproduction'[86].

Similarly, my qualitative interview findings include that a majority of participants stress hard work as important, and that only about one-third of participants indicates that social class is important for a person's probability of earning a high income (unprompted). Meritocratic views are prominent, including the view that structural disadvantage can be overcome with talent and determination (Littler, 2013).

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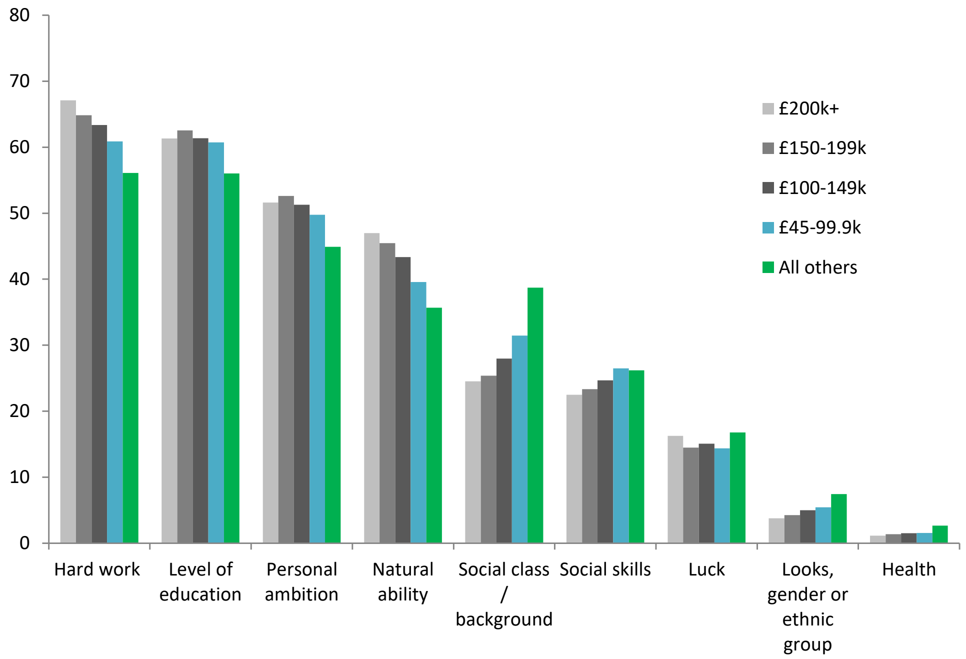
[84] The model also did not have a good fit.
[85] Results which are not presented here.
[86] They are also less likely to pick 'social skills', 'looks', 'gender' or 'ethnic group' as well as 'health'. There is no economic gradient for the category 'luck'.

Figure 3.3 What is important for career success by household income (GBCS)



Source: GBCS wave 1.

Note: The social class/background category refers to the 'social reproduction' criteria, consisting of 'being born into a wealthy family', 'having been to private school', 'having good social connections', 'having the right accent' and 'class'.

Table 3.7 What is important for career success by household income (GBCS)

Attitudes toward what is important for career success	Household Income after taxes					Savings** and property value			
	£200k+	£150-199k	£100-149k	£45-99.9k	All others	Sav>200k	All others	Prop>500k	All others
Hard work	67.1	64.8	63.4	60.9	56.1	60.5	58.6	61.6	58.5
Level of education	61.3	62.6	61.4	60.7	56.0	64.9	57.7	64.0	57.8
Personal ambition	51.6	52.6	51.3	49.8	44.9	49.4	47.3	49.9	47.2
Natural ability	47.0	45.5	43.4	39.6	35.7	44.8	37.3	43.8	37.4
Social class / background	24.5	25.4	28.0	31.5	38.7	27.7	35.5	28.4	35.4
Social skills	22.5	23.4	24.7	26.5	26.2	22.4	26.5	24.2	26.3
Luck	16.3	14.5	15.1	14.4	16.8	15.0	15.8	14.5	15.8
Looks, gender or ethnic group	3.8	4.3	5.0	5.4	7.4	4.9	6.5	4.8	6.5
Health	1.1	1.3	1.5	1.6	2.6	2.5	2.0	1.9	2.1

Source: GBCS waves 1 and 2.

The GBCS data provides some support for Khan's (2011) and Sherman's (2016) assertion that wealthy 'elites' attribute their privileged position to their own hard work and talent. However, it is important to highlight that all participants regardless of their household income, are likely to indicate that hard work and level of education are important. These 'meritocratic beliefs' are strong among all GBCS respondents, not only for the economic 'elites'. 'Elites' are most distinctive compared to all others because of their wealth, their belonging to the 'elite' social class, their housing (in large houses in the city) and their self-identification as upper middle class. They are not as distinctive when it comes to their attitudes towards what matters for career success, although they are more likely to hold meritocratic views and less likely to indicate that items related to social class are important.

Do participants' attitudes vary by social background? There are slight differences in responses to what is viewed as important for career success, conditional on household income between respondents with and without NS-SEC1 backgrounds[87]. Individuals with household incomes of £200k or higher who are from advantaged NS-SEC1 backgrounds are slightly less likely than those from less advantaged backgrounds to select 'meritocratic' items, and slightly more likely to choose 'social reproduction' items as important for career success (Figure 3.4). GBCS respondents with household incomes below £45k on the other hand, are generally less likely to pick meritocratic items and more likely to indicate that social class or background are important for career success. However, the effect of having a NS-SEC1 background is the opposite among those with lower household incomes: those with NS-SEC1 backgrounds are slightly more likely to select 'meritocratic' items, and slightly less likely to choose 'social class/background' as important for career success than those without. Hence, differences in views towards what is important for career success among those with highest and lowest household incomes, conditional on social class background, are small.

Attitudes towards social mobility and political influence

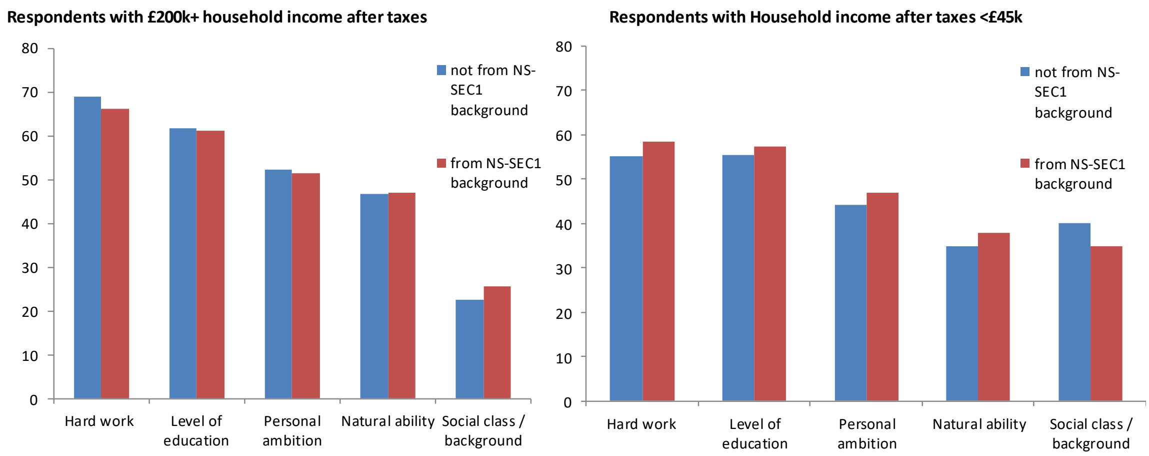
A further question in the GBCS measures attitudes towards social mobility: "*Compared to your parents' generation, do you think it is easier or harder for people from disadvantaged backgrounds to be upwardly socially mobile?*"[88] GBCS respondents with highest household incomes are only slightly more likely (12 percent more so) to indicate that upward social mobility became easier or a little easier than are all others

[87] More precisely, I use an approximation of NS-SEC1 following Friedman et al. (2015). The GBCS survey included a question on the occupation of the main income earner when the respondent was 14 years old.

[88] With response options: 'A lot easier', 'a little easier', 'no difference/don't know', 'a little harder' and 'a lot harder'.

(Table 3.8). There is also an economic gradient in responses as to whether respondents feel they can influence political decisions, with individuals with highest household incomes being 50 percent more likely to indicate that they feel they can influence decisions affecting Britain compared to all others (see also Laurison, 2015 on the political efficacy of GBCS 'elites'). Therefore, those with highest household incomes are slightly more likely to indicate that social mobility became easier, and substantially more likely to feel that they can influence decisions affecting Britain.

Figure 3.4 What is important for career success by socio-economic background (GBCS)



Source: GBCS waves 1 and 2.

Table 3.8 Attitudes of GBCS respondents by household income, savings and property value

Attitudes	Household Income after taxes					Savings** and property value			
	£200k+	£150-199k	£100-149k	£45-99.9k	All others	Sav>200k	All others	Prop>500k	All others
Attitudes: social mobility									
Upward mobility got (/a little) easier	65.6	64.0	65.6	63.3	58.7	67.5	60.5	65.6	60.6
Feel can influence decisions…									
affecting local area	55.6	55.8	54.5	50.4	41.3	57.0	45.0	59.3	44.7
affeceting their city/region	37.2	35.0	35.4	32.5	27.5	34.9	29.7	34.9	29.7
affeceting Britain	28.6	25.4	25.6	22.8	19.3	24.4	21.0	25.3	20.9

Source: GBCS waves 1 and 2.

Conclusion

Firstly, I will reiterate the limitations of analysing the GBCS, a self-selected online survey (Friedman et al., 2015). It is not possible to infer these findings to the general population. Nevertheless, there is "no reason to suspect that the people who responded to the survey have different sets of relationships *among* their attributes than do non-respondents" hence "it is unlikely that the patterns we see are solely the result of selection bias" (Ibid, p. 282, emphasis in original). In addition, given the lack of quantitative data on economic 'elites' in the UK, an analysis of the GBCS is justified due to its rich data on a large number of respondents with top household incomes.

The main finding from this exploration of the GBCS is that those with top household incomes are distinct from all others based on their vast amounts of wealth (their savings and property), their self-identification as upper middle or upper class and their location in large houses or flats in the city. In addition, they are much more likely to be working in a senior managerial occupation, or have a senior managerial background than are all others. Respondents with highest household incomes are less distinctive in regard to their attitudes. Even though they are more likely to indicate that 'meritocratic' items are important for career success, these items are popular among all GBCS respondents. The LCA demonstrated that a majority of respondents selects meritocratic items and education and only a minority chooses education and social reproduction items as important for career success and getting a good job. GBCS economic 'elites' are especially likely to hold meritocratic views (Khan, 2012b), however most GBCS participants view meritocratic items as important for career success. I will now turn to my interview findings, discussing the role of meritocratic views for perceptions of economic inequality[89].

[89] Part of these findings have been presented in an LSE International Inequalities Institute working paper (Hecht, 2017).

Chapter 4 Meritocratic top incomes: Economic evaluation by 'the market'

Introduction

Interview participants' perceptions of high incomes, and top income and wealth shares, are closely related to how they view the production of top incomes, specifically the evaluative practices which are used to assess the economic contribution of individuals. The evaluative practices, described in the interviews, are fundamentally based on economic principles; hence, I refer to the cultural process of 'economic evaluation'. Evaluation is a cultural process because it is based on shared understandings of how value is ascribed (Lamont, 2012). For participants, this shared understanding is that the yardstick of worth is money, and that evaluations of worth are based on market performance (Fourcade, 2011; Lamont, 2012). Top incomes are narrated as being determined by competition in the market. The 'market', narrated as a neutral instrument, is viewed as best suited to determine the economic value of individuals and the distribution of economic resources (see also Khan, 2015; Wisman, 2013).

I argue that inequality is made sense of as well as 'rationalized' through economically 'rational' evaluative practices (Fourcade, 2011; Lamont et al., 2014; Bourdieu, 1986). An important rational, evaluative process used to determine the economic value of individuals is the assessment of performance pay, which includes hedge fund compensation structures, 'formulas' for traders and staff rankings. Economic evaluative practices determine how profit is divided up within firms and departments. These practices are standard in the top income-generating organizations where participants work including fund managers, investment banks, hedge funds and barristers' chambers.

Top income earners envision a certain market ideology, one of neutrality and meritocracy. Participants view differences in income as resulting from the market forces of supply and demand, as taught in basic economics courses (Atkinson, 2015). Market competition is viewed as determining merit. Hence, interviewees explain that top incomes, and in the case of entrepreneurs, also top wealth, are meritocratic. The discourse of neutral market forces as the best instrument to distribute resources stems from economic theory, rooted in neoclassical thinking (McGoey, 2017). The cultural process of economic evaluation can be traced to the theory of the marginal productivity of income distribution by neoclassical economist John Bates Clark, which posits that under the assumption of free competition, incomes from labour as well as capital reflect their respective social contributions (Stiglitz, 2015a; McGoey, 2017). Hence, "neoclassical theory sees differences in income as related to differences in the social contributions individuals and the assets that they control make" (Ibid., p. 30). It becomes clear that a theory which includes "the idea that remuneration levels are an accurate reflection of one's economic contribution" is enmeshed with moral considerations, suggesting that workers and capitalists deserve their rewards (McGoey, 2017, p. 263). As discussed, McGoey (2017) argues that Schumpeter criticised Clark for entangling a theory of income distribution with a theory of morality. Nevertheless, prominent contemporary economist Mankiw (2013, p. 29f), describing marginal utility theories of income distribution as the "economist's standard framework" claims that "[i]n the standard competitive labor market, a person's earnings equal the value of his or her marginal productivity". Mankiw's suggestion that the high incomes of the top 1 percent mostly reflect their high productivity includes an implicit moral claim about desert.

However, not all participants explain that market outcomes reflect social contribution; there is variation in the sample. While a two-thirds majority are 'economic evaluators' who perceive market outcomes as deserved, a significant minority are 'social evaluators' who question evaluative practices based on money as a metric of worth and do not view market outcomes as reflecting contribution. Notably, both economic and social evaluators acknowledge social relationships as important for determining top incomes, and criticize those at the very top as playing a 'game' or coming together in a 'cabal' to exploit shareholders and clients. This finding supports the perspective of top incomes as socially constructed, and challenges views which see top incomes as result of economic productivity (Mankiw, 2013).

In this chapter, I will firstly provide context by discussing the narrative that there has been a social shift away from inherited entitlement to meritocratic privilege (Khan, 2011). Then, I discuss the key emergent themes; top incomes as resulting from hard work and long hours (Khan, 2011; Sherman, 2017a), the idea of a trade-off between high incomes and a work-life balance, and equality of opportunity. I then develop my argument that participants make sense of top incomes through the economic evaluation processes which bring about top incomes. Market competition is assumed to ensure that economic reward reflects contribution. Therefore, top incomes are narrated as deserving if they are derived from a share of the value "created" for clients, investors and shareholders (Van der Zwan, 2014). Hence, I argue, building on Bourdieu (1998), that contemporary economic 'elites' in the financial industry legitimate top incomes, and therefore inequality, through 'service to capital'. Lastly, I discuss the notion 'competition' as narrated in my sample, discussing the characteristics of social and economic evaluators.

From inherited entitlement to meritocratic privilege

Research on economic inequality is instructive for sociological shifts of economic advantage. This literature highlights a shift from an aristocratic landed class towards a financialized meritocratic wealth 'elite' with top incomes and wealth (Piketty, 2014; Savage, 2014; Atkinson, 2015). As discussed in *Chapter 1*, income inequality has increased substantially in the UK since the 1980s, and top income shares are currently moving towards the extreme heights of those in the early twentieth century (Piketty, 2014, p. 315). By contrast, the ownership of wealth has changed dramatically over the past century and is now much more equally distributed than in the Victorian era (Piketty, 2014; Atkinson, 2015). The nineteenth century distinction between the three social classes of workers, capitalists and landlords (the aristocracy and nobility) are not so clear-cut anymore because wealth is shared more widely; a person may receive income from all three sources, and because those with the highest incomes from labour can accumulate wealth and increasingly have high capital incomes (Atkinson, 2015). Hence, the economic 'elite' in the UK has changed. There has been a shift away from inherited entitlement by aristocrats, such as the landed gentry, who derived income from rents, towards a global financialized 'elite' who derive income from labour as well as capital and can therefore legitimize their advantage in 'meritocratic' market terms.

Whereas old 'elites' relied on inherited entitlement, new 'elites' rely on their privilege; the simultaneous performance of hard work and ease (Khan 2008; 2011). As discussed in the previous chapter, the rise of the idea of meritocracy in the last half a century went alongside increases in top incomes. As I will discuss in the next chapter, perceived changes are not just related to economic inequality and social class, but also in regard to gender and 'race', with elites being seen as more 'open' (see Khan, 2008). However, despite all the differences between old entitled and new privileged elites, there is one key similarity between these groups of crucial importance for the conceptualization of social class. As I will discuss in *Chapter 7*, both the aristocracy and new elites are decommodified; their capital income frees them from the need to engage with the labour market. However, many of the 'meritocratic' new elites, including those with top incomes in finance or inheritors, choose to work even though they do not need to (Godechot, 2016; Sherman, 2017a).

In my interviews, participants at the height of their careers in senior positions reflected on this change "from landed aristocracy" to a "merit-based" system, as well as on the sudden financial deregulation of the Big Bang in 1986. This shift, which is perceived to have coincided with the rise of the American investment banks, was generally described as desirable as it allows people to "change their position in the world" (Interview transcript 6). For instance, a hedge fund manager with income of approximately £5-50 million explains that current levels of inequality are "a lot better […] compared to the class system":

> Basically, it mattered hugely 100 years ago if you're born into an aristocratic family versus… I mean, it didn't matter how smart you were; people from the place I was born in would be working at the mill at 14, and do I think that's wrong? Of course I do, who doesn't? [laughs] (Interview transcript, 16).

This narrative highlights than in general, the shift at the top of the social class structure is perceived as positive. The change towards a meritocratic system is also embraced by another participant; an executive of a large financial institution (income group £401k-£1m). He explained how the City of London embraced a merit-based system, imported from the US through American companies:

> I joined [prestigious accounting firm] because **I loved this notion of meritocracy** that they talked about - I loved it! This idea that actually the only thing that mattered was whether you were good at what you did and the fact that **people were constantly going to be evaluating whether you were good at what you were asked to do** and if you were you could get on... I loved that... I loved the fact that they had glass-fronted offices so you could see people, so the people who are running the firm weren't hiding […] it was so un-English (Interview transcript 6, emphasis added).

This interview excerpt shows the participant's enthusiasm for the notion of meritocracy. He embraced the ethos that instead of social background, it was individuals' performance, constantly evaluated, which now mattered for career success. The building design in the City of London reflects this notion of meritocracy; glass-fronted offices facilitate constant evaluation of staff. During my fieldwork, the notion of meritocracy seemed embedded in the architecture of the City of London, with its numerous glass fronts and open plan offices. As I will show, constant evaluation of merit is key for how top incomes are made sense of.

Before we had taken our seats for the interview, while turning down the meeting room temperature the same senior executive explained that he does not like people to get too warm and comfortable in meetings. As we were sitting in the chilled, glass-fronted office for the interview, he also expressed concern about the current levels of economic inequality which seem to have come along with this shift towards meritocracy:

> Growing up in a country that was still very class driven, I am on the one hand delighted that the country has opened up and that it is now possible within one generation to, if you are successful, to actually, emerge and have a different position in the world. […] On the other hand, **it would** […] **be odd if I thought that all we needed to do was to replace one class system with another**... and that must be the risk, the risk is that in the last 30 or 50 years we have replaced our traditional sort of landed aristocracy based upon title, and all of those things, with **a new ruling power, which is based upon the City of London** [and or the media industry etc.]. Because clearly what society needs [is] for every generation **to feel that they have the opportunity to succeed** and to enjoy the benefits of success. And that's a [difficult] balance […] I'm not sure we got it right at the moment (Interview transcript 6, emphasis added).

Hence, like the hedge fund manager, this senior executive welcomes a meritocratic system over an aristocratic one and values the liberal concept of equality of opportunity (Littler, 2013), but also questions whether a meritocracy can deliver just outcomes.

A couple of other participants noted that the UK has not only imported meritocracy from the US, but also increasing inequality and greed. One financial adviser, privately educated with an Oxbridge degree, reflects back on this issue explaining:

> I worked for [name of bank] that was […] very American and **I liked all that meritocracy stuff...** I mean I really liked it, **much more than the stuffy English kind**

> **of establishment type approach** […] I liked that Americanism, but the problem was that the Americans, **once they worked out how to enrich themselves at other people's expense, it all just went; it got completely out of hand**, it went mad. It did not start like that, but it became like that, and that's why we had the financial crisis because the City was just full of these people [who have a] smugness and unpleasantness [about them] (Interview transcript 8, emphasis added).

Therefore, even though participants generally embrace the change towards meritocracy, they also raised concerns about the results of meritocracy, either vast inequality at the top or the unfortunate side-effect that the meritocratic culture of American firms allowed some people to only enrich themselves (as in above quote).

Key emergent themes: Meritocratic top incomes

Meritocratic beliefs are common when participants narrate what explains inequality. I asked participants why they think there are differences in income between individuals, why some people have higher incomes than others and what kind of people earn high incomes. Key emergent themes in the data include that participants stress *hard work and long working hours*, that *top incomes are a choice and a trade-off*; as well as the importance of *talent or ability*, and *ambition and drive*. In addition, *education* is viewed as important, specifically academic achievement, degrees from prestigious universities and the acquisition of social skills or confidence afforded in private education. In this narrative, education is a baseline; a necessary though not sufficient condition for earning top incomes. I will discuss these findings in turn demonstrating that inequality is generally perceived as the result of a meritocratic process.

Hard work and long hours

A key and recurrent theme in the data is hard work and long hours (Khan, 2008; Sherman, 2017a). Quantitative text analysis of my interview data, discussed in *Chapter 2*, identified hard work and education (private schooling), as important narratives. Two-thirds of participants refer to either their hard work ethic, or that working hard, efficiently or smartly is important for economic success (n=20). This is similar to the GBCS data, where approximately two-thirds (67 percent) of participants with household incomes higher than £200k indicate that hard work is important for career success (compared to 56 percent of those with household income after taxes lower than £45k). Both the GBCS and the interview data highlight that hard work is viewed as important for career success by individuals with highest (household) incomes.

An example of the many, many instances in which hard work is referred to during the interviews, includes a financial entrepreneur's explanation of how he finds good traders. During the interview, in his grand City office furnished with colonial style decor, I often felt that this participant was providing me with career advice of how to be successful. For instance, he advised that it is always beneficial to go out and meet people for lunch, to learn about markets, rather than having lunch at the desk. He explains that discerning a hard work ethic is important for selecting traders for recruitment:

> If they have no energy - forget about it. They're gonna be no good and they've got to be really driven and they have to work, they have to think seven days a week. […] No rest. And you have to work on Sunday night. That's my other secret. Then you're ahead of the whole world (Interview transcript 18).

Hence, hard work and long hours are viewed as necessary for succeeding in finance. A hedge fund manager, in a modern office, not too far from the other entrepreneur, although he holds very different political views, similarly explains that hard work is key for achieving top incomes in his industry:

> You're not gonna get money from doing this unless you work your absolute socks off […] I mean if you're committed to a career in something like this to earn money, you know, you're committed to working very, very hard basically. So, lifestyle is kind of what falls out of it at the end but certainly initially you don't have time to spend any money because you are working so hard. Ahm, and if you're not [working hard] you are not interested enough to stay in your job basically (Interview transcript 15).

Therefore, both entrepreneurs, by talking about their staff as well as their own experiences, view hard work as essential for top incomes. Personal stories of long working hours are common among respondents; for instance, a young, married entrepreneur with small children describes his career trajectory with lengthy references to working hours:

> I was working 14 hours a day in the office, I very rarely… you'd count on one hand in a month the number of times I got the tube home, cos the firm only paid for a taxi if you went home after 9 or 10 o'clock (Interview transcript 12).

This story of taxi rides, very familiar to me as a former auditor, reflects a contradiction in the elite narrative of hard work (Khan, 2008). Saying you took a taxi home means you signify that you have been working hard, even though taking taxis is a comfortable, effortless way to get home, and is used as an incentive by corporations, alongside free dinners and snacks, to keep their junior staff working longer hours. Later on in the interview, held in an imposing café near his workplace, the type place with attentive staff, a Viennese-style coffee menu and chandeliers, the young entrepreneur asserts that even though background certainly affects people's chances in life, working hard is the most important thing for success:

> There's always going to be inequality […] there is no panacea, and it's my firmly held belief that if you work hard and you're ambitious and you're willing to make the appropriate sacrifices to get ahead in life; you'll get ahead in life. Simple as (Interview transcript 12).

He strongly embraces the idea that as long as you work hard, it is possible to get ahead even without the privileges available to those who are more advantaged. Inequality, is what it is, but can be overcome through hard work. Similar to the young entrepreneur, many participants stress that where people come from does not predict where they end up, the idea of hard work leading to social mobility and success is cherished and often referred to. In the following chapter, I discuss how this view can flourish despite visible structural inequalities.

Trade-off between high income and work life balance: High income as a choice

A theme related to hard work is that participants explain that there is a trade-off between high income and having time off; half of participants referred to this idea (n=14). The senior executive who prefers chilled meeting rooms, critically reflects on his motivations for his own career. He makes up for the chilly room by telling personal stories, explaining how he fell into his career in finance because he sought to impress the family of his future wife. His reasoning highlights that the concept of a trade-off refers to a temporal choice between comfortable working hours or working hard now which will provide a "more enjoyable life" in the future:

> It's a reasonable question isn't it… what is it that drives you to work those unreasonable hours... what is it that drives you to take those risks, because you do take risks... is it so that you can live a more comfortable life, a more enjoyable life? Or is it because you actually want to provide for the future of your children? (Interview transcript 6).

This narrative highlights the contradictory nature of the idea of hard work (Khan 2008; 2011); two of which I will focus on. Firstly, seeking to earn in order to provide for children and grandchildren (n=5) contrasts with the meritocratic idea that those individuals who work hard should be rewarded. Secondly, the motif of meritocratic hard work also diverges from some participants' aspirations to effectively decommodify themselves from the labour market as 'rentiers' (Esping-Andersen, 1990; Atkinson, 2006; Piketty, 2014, p. 21) and from narratives of richness as being able to live off one's capital. Though the meritocratic market is cherished, it is also a source of anxiety. Therefore, participants seek a release from the strains of the market, for themselves and their children. I will more fully discuss these contradictions in *Chapter 7*.

Further, a fund manager, whom I interviewed on the phone, refers to this trade-off by comparison with those on low incomes:

> So, even those with less income; they may be perfectly happy in another particular peer group and certainly for others with lower income they probably spend more time with their families and they make other trade-offs that they are very comfortable with (Interview transcript 11).

This view, that top income earners have chosen to earn while others decided to spend more time with their families begs the question if top income earners actually work hard? Khan (2011) finds that the privileged students he studied did not work very hard; rather they engaged in a performance of hard work. Engaging in this performance with lightness and ease is central for being elite. Khan derived this finding because he was able to contrast what people say they do with what they actually do; a methodological advantage of ethnography (Jerolmack and Khan, 2014). This was not possible as part of my study; however, five participants stressed that they enjoyed their work and the intellectual stimulation it provided, in particular entrepreneurs with extreme top incomes. In fact, four participants mentioned that work for them is not like work at all but more like a hobby. One of them is a hedge fund manager, who during an interview in his modern, comfortable office says happily:

> I love what I do, because I find it so interesting, and so for me it's no trade-off at all because it's like a hobby if you see what I mean because I, my big obsessions in life are politics and economics and history and they all come together in this job (Interview transcript 15).

Another entrepreneur, impeccably dressed and interested in Foucauldian theory, reflects on his own top income and why it is possible for him to pay his staff a lot less:

> **I do work very hard, but people in my company who are paid £25,000, work incredibly hard too**. And, yes, I have responsibilities, but […] over the years I've kind of dealt with the layers of stress that you get […] it feels like something that's not really a burden now […] So, with my role, so I have busy days and weeks, where I have to work very intensively, and, I think skilfully, but, **generally, it's not really hard work and it doesn't feel like hard work**. Therefore, kind of, my hours are less than much lower paid people in my company. My work is a lot more fun because I get to meet a lot more people and go to lots of events and have lunches and just travel […]. Yeah, so I don't subscribe to it, but I can quite cynically go along with [playing this game]… because I've also got calls on my income and responsibilities, family responsibilities, too, yeah (Interview transcript 3, emphasis added).

This narrative shows that there is some awareness for the misrecognition (Bourdieu, 2010 [1984]) inherent in the 'elite' narrative of hard work (Khan, 2011). An example from the above quote is the entrepreneur questioning his own power of being able to pay his staff much less than he pays himself, acknowledging that hard work is not what explains differences in pay.

Equality of opportunity: Talent, ambition and education

A minor theme which emerged was that participants stress that talent and ability are important predictors of success (n= 5; 4). This theme includes the idea that differences in income reflect a hierarchy in talent and ability, as found by Bamfield and Horton (2009). Additionally, participants also mention that one needs to have the drive or hunger to want more, an ambition and determination. Particularly, participants in more junior positions stress that they need to be self-starting and motivated in their jobs. Those more advanced in their careers explain that these are qualities which they look for in their staff. A socially mobile, financially successful entrepreneur in the City of London discusses differences in incomes, highlighting the importance of talent and education:

> Well, some people are, **naturally smarter than others**... the work we do here **you gotta be pretty intelligent**; I think natural intelligence, education obviously makes a big difference, the people that embrace education. I think is very important, I don't believe the thesis that there is, there are no opportunities for lots of people in this country, I think there are opportunities... well **I came from a very poor background** and came through the state school system along with everybody else, and **I didn't see any obstacles** […] for me to develop my career in a way that I wanted, and maybe I was lucky (Interview transcript 13, emphasis added).

This quote highlights a preference for equality of opportunity related to the meritocratic view that natural ability and educational success are a prerequisite for career success (as discussed, many GBCS respondents with top incomes also held meritocratic views). The narrative also introduces another, minor theme which shows that luck is acknowledged, as I will discuss.

For most interview participants, education explains differences in income and is seen as a necessary, though not sufficient condition for becoming a high income earner (two-thirds). Some participants explain that those with top incomes also have top education; 3 participants mention that they themselves have a top 1 percent education. Often, participants refer to their own educational qualifications, particularly Oxbridge degrees and private schooling. Of the participants, 13 were educated at Oxbridge and a further 5 at elite London universities. Meanwhile, 15 participants have undergraduate degrees; 13 have postgraduate degrees and only 2 have no degree-level education. However, these data are not representative and might be a reflection of my sampling strategy. Hence, like Savage and colleague's participants, many interviewees succeeded in the education system before they entered "the cut-throat world of high-level professional and managerial employment" (Savage, 2015c, p. 323).

Private schooling is a key issue which I will discuss in *Chapter 8*. It was common for participants to mention that they have themselves been to private school even though I did not include this question in my topic guide, and never specifically asked for it. As I will discuss, the privately educated hold different views on the legitimacy of economic evaluative practices. As participants acknowledge that private schooling bestows advantages, it is seen as an imperative for their children.

Hard work and luck

Many participants explained that luck is an important element of success and described themselves as having been lucky (16/30). Hence, the interview participants were much more likely than GBCS respondents to mention luck[90]. For instance, talking about why some people have top incomes, a participant explains it is due to:

> Luck! So if you just happen to be in the right place at the right time, and I attribute a lot of my ability to earn a high income to lucky breaks, lucky decisions that I have made (Interview transcript 5).

Hence, this participant acknowledges the important role of luck. Other participants stress that it is a combination of hard work and luck, which explains their economic success. For instance, a financial professional explains:

> There's luck in falling into it [a high paying industry like finance], but then [...] I've worked hard since I've been here, to take the opportunities that I've had, that [name of company] presented me with (Interview transcript 30).

Therefore, while luck is seen as a part of what is required to earn top incomes, it is hard work which is stressed. In the words of an entrepreneur: "you make your own luck to a degree" (Interview transcript 13). Further, like Sherman's (2017) interviewees, participants often mentioned luck when they referred to their structural advantage.

[90] However, in the GBCS participants could only select 3 items which they deemed most important for career success.

Attributing their economic position to luck, means their economic advantage is arbitrary, rather than the result of structural advantage (Ibid.) For instance, participants mentioned that they are lucky to have been born into families which valued education. Hence, many of the rich individuals in my sample acknowledge the role of luck (cf. Frank, 2016). However, referring to luck can also be a way of not acknowledging structural advantages (Sherman, 2017a).

Economic evaluation: The ‘neutral’ market forces that legitimize inequality

The emergent theme that participants refer to hard work and talent to explain their position is already well-established among elite scholars (Khan, 2011; Sherman, 2017a). The fresh contribution of my study is that I address why this is the case for top income earners. These meritocratic ideas are sustained by the rational, evaluative practices which participants explain are important for how incomes in financial or related organizations come about (Lamont, 2012). 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). The evaluation of individuals’ economic performance is crucial for pay setting and particularly relevant for “practices of performance and merit pay” at the top of the distribution (McCall et al., 2014, p. 618).

I argue that the evaluative processes which participants explain as bringing about top incomes are fundamental for how participants make sense of top incomes and wealth. Evaluative practices based on economic principles are viewed as being meritocratic in nature, and reinforce meritocratic beliefs. A key evaluative process concerns the assessment of performance-based pay, which has been shown to contribute to rising top income shares (Angeles et al., 2016; Atkinson, 2015). What signifies merit at the top end of the income distribution is narrated as being determined by the market, a neutral, rational instrument. Specifically, evaluative practices conceptualize the value of individuals as based on increases in the value of capital. That is why the idea of hard work is so meaningful for top income earners, because they evaluate merit quantitatively based on the “creation” of wealth. Hence, performance pay is narrated as evidence for productivity.

Two-thirds of participants explain differences in incomes, or their own high incomes, with narratives relating to the conceptual theme of economic evaluation based on neutral market forces[91]. Though what follows is a lengthy quote by a senior executive of a large financial firm (annual income bracket £5-50 million), it merits being quoted in full as an example of how participants explain that the process of economic evaluation brings about and justifies top incomes. The executive explains that we should not focus on "the number" (high bonuses in the financial sector, or the share of the top 1 percent of income earners) but whether "the process", i.e. the evaluative practices which determine top incomes, are "inherently right". Hence, if extremely high bonuses constitute a share of "value" generated for investors, clients or shareholders, the rational evaluative process which produces bonuses explains, legitimizes and ultimately rationalizes extremely high pay. Talking about top incomes, he explains:

> **It's about the contribution**; it's measured in a variety of ways. The firm has an overall profitability. The remuneration committee will decide how much is allocated towards um… bonuses if you like. Now, there is a lot of talk about bonuses in the City. […] So, people get paid a salary, which… might I say it's small… it's not small in the context of all of us, but nobody gets paid a salary of millions of pounds a year... they can earn a lot of money but that's based on the profitability of the firm, the contribution of the part of the firm that they work in, the contribution of the team that they work in, and the contribution of their role within that team… so it's a multi-level [process]. Okay, so, and look, there's a big focus on compensation and how people earn money at the moment […] **it's the focus on a number that people have a feeling that** (*stresses these words with a feeling of discomfort*) **a certain number is an uncomfortable number or is it the process that drives the number?** To me, if you have a process that is aligned to success, I think it is entirely right that [people who] make a valuable contribution... should feel that [they have the] ability to earn more money (Interview transcript 4).

This quote highlights that economic rewards are seen as reflecting contribution (marginal productivity). Therefore, the participant cannot relate to public concerns about excessive bonuses; for him the number of a bonus payment is not important; instead it is the evaluative processes which determine top pay and the fairness of these

[91] This theme was derived inductively and deductively; there were many references, to metrics and rankings as well as evaluative practices in the data. Later, I came across the theoretical work on evaluation by Lamont et al. (2014) and Lamont (2012) which aided the analysis of the interview data.

processes which matter. If the pay-setting process is the result of a share of "value created" for clients and shareholders, then the process is fair and therefore how high bonuses are should not matter. He adds that he would be concerned however; if the process which results in high bonuses is unfair, for instance if someone does a "bad job" for which they get fired, but still gets highly rewarded. Therefore, the economic evaluative processes are what matter, not bonuses or top incomes.

Money as a yardstick of worth

Many participants narrate 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[92]. For instance, a barrister, who deals with financial clients, explained 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[93] 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 (Interview transcript 19).

This narrative highlights that the market is viewed as determining how an organization is ranked, and that this ranking affects the perception of the economic value of their staff. Another example is that participants refer to shared understandings of investment banks' rankings. They explain there is the "gold standard" Goldmans [Goldman Sachs],

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[92] Many also have degrees in economics, business or finance (n=13).
[93] The participant acknowledges though that the definition of success for a barrister could also be who is providing the best international criminal advocacy.

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". Therefore, the symbolic capital (Bourdieu, 1998) of a financial company is viewed as important for top incomes. An investment banker for instance explains that one of the reasons for his high income is the brand value of the 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:

> What 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? (Interview transcript 10).

Hence, there is awareness of the symbolic capital of certain investment banks, and that the economic value of a financial service might be due to that symbolic capital rather than the marginal productivity of the individual involved.

In addition to economic evaluative practices between firms, there are also evaluative practices designed to decide on the distribution of material resources within firms (Tomaskovic-Devey et al., 2016). I have demonstrated this previously with the narrative of the senior executive who explained that bonuses are a reflection of individuals' economic contribution. Similar to comparisons between firms, comparisons within firms are based on evaluative practices guided by the liberal economic conceptualization of money as a metric of worth. Participants routinely refer to 'the market' as an explanation for top incomes and wealth, and income differences more generally. The market, consisting of investors, clients and shareholders, is viewed 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, 2007[94]; Hall and Lamont, 2013; Lamont et al., 2014). These ideas can be traced to liberal economic theory (McGoey, 2017; Sandmo, 2015).

Economic evaluative practices within firms include formulas to calculate bonuses for investment bankers or traders (performance-based pay). Formulas are narrated as market based because they consist of a share of "value" created for clients, investors or shareholders. The market is narrated 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":

> 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 (Interview transcript 1).

Therefore, consistent with the marginal productivity theory of income distribution, he views his own income as a share of the economic value generated for the firm, and hence as his contribution and therefore merit based. 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:

> The 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

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

> 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 (Interview transcript 10).

Traders' formulas mean that top incomes from trading are viewed as reflecting the economic contribution of traders. This is how the legitimation of top incomes is socially constructed. The fact that some staff receive performance-based compensation and others are paid fixed salaries, means that the 'value created' is vastly unequally distributed. Those on formulas benefit while others in the firm, including personal assistants, who dealt with my interview requests in an incredibly efficient way, lose out in the distribution of revenue across the firm.

Performance pay and the culture of (economic) performance

Participants draw on "monetary distinctions" (Zelizer, 2012, p. 156) between so-called performance pay (including bonuses in the finance industry) and other forms of payment. Performance pay is viewed as market based, meritocratic and therefore legitimate. For instance, 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 [he] 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] (Interview transcript 6).

Therefore, top incomes are legitimate if they consist of a share of the value created for the firm, i.e. if they are seen as reflecting economic contribution.

Constant evaluation is part of the culture and architecture of the City of London. One-third of participants referred to the performance culture including evaluative practices used to determine performance-based pay. These practices are standard in many high-paying professions in the City of London, and include assigning members of staff to revenue streams and publicly ranking employees against each other. The following field note and quotes illustrate this. A young investment banker reflects back on entering the industry, stressing that “it was a shock to me sort of how competitive it was […] the hours and […] the demands” (Interview transcript 14). While we sit in a café next to his workplace for the interview, he is constantly checking his phone for updates; something which more senior participants rarely did; they put their phone away and focused their full attention on the interview. Before we started our conversation, the junior investment banker explained that he may have to run off during the interview, in case he receives an important call. As narrated by another participant, the idea is to “always [be] on call” (Interview transcript 2).

Similarly, a high-flying investment bank executive, an avid story teller, narrates how the performance culture affects his children. With this story, he tries to convey how entrenched the performance culture is in all aspects of social life, including dinner time with family:

> [His children] work in banking and at the moment, the only thing they talk is about how am I gonna be judged in performance in order to be paid. And we are in June. Bonus is paid in March. And yesterday I had dinner with my son, we spent half of the dinner talking about the way his boss is going to rate him because that will have a link to how much he is gonna get paid. And he is [young]. And he works like crazy, crazy hours, but we are in the middle of June and he’s, for me, another four months maybe five away from the decision [of how his performance is evaluated] (Interview transcript 10).

This story highlights ‘elite’ anxiety about how they will be evaluated in economic terms. In addition to creating anxiety about evaluation, the performance culture includes aspects of hire and fire practices, which create a sense of insecurity for many participants as they know they can be fired at any time. As Sherman (2017) explains, particularly sole providers suffer from ‘elite’ anxiety. Firing people and getting rid of fund managers for bad performance, plays an important role in legitimating top incomes. At a time when individual responsibilities are stressed, anxiety might explain participants’ aspirations towards capital accumulation for rentier purposes (which I will discuss in *Chapter 7*). Hence, while the market is narrated as a neutral instrument for the allocation of resources, the labour market can be a source of anxiety, and a strain to escape from.

Those whose performance is most closely linked to the market are entrepreneurs. Their performance is not evaluated by their manager, but directly by the market. Hence, their top incomes are viewed as the most legitimate. For example, hedge fund managers 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 (as I will discuss in *Chapter 6*). The explanation of a hedge fund manager is in line with some of the economics literature (Mankiw, 2013), which relates increasing inequality to superstar talent[95]:

> 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 (Interview transcript 15).

Hence, top incomes are the result of market competition. While footballers compete on the field, hedge fund managers compete in the market. Footballers win matches, and hedge fund managers aim to outperform their competitors financially. As I will show, merit is competitively defined, and 'natural' skills can only be identified as a result of this competition.

[95] In addition to changes in technology.

Service to capital

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" for clients, investors or shareholders. Participants refer to legitimating discourses of finance professionals whose performance-based pay genuinely serves 'shareholder value' (Van der Zwan, 2014) and "wealth creating" entrepreneurs[96]. The direct linkage or "alignment" between the value of labour and increases in the value of capital serves as legitimation of top incomes. 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'.

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). As discussed in *Chapter 1*, the "inequality r > g implies that wealth accumulated in the past grows more rapidly than output and wages" (Piketty, 2014, pp. 571-572), which 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. Nevertheless, Piketty (2015) 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. Therefore, 'elite' capital accumulation through the pursuit of financial returns is related to increasing inequality.

Top incomes as relational and socially constructed

The economic evaluative practices which produce top incomes are inherently based on social relations and are therefore socially constructed. Top incomes are narrated as 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

[96] This is reminiscent of McDowell (1997) who used the term 'capital culture' to describe the culture of the City of London.

revenue sheet. Participants' narratives include that top incomes are produced by actors with culturally-shared ideas about who generates 'economic value'. A top investment bank manager explains that bonus payments are the result of decisions:

> ... 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 [bonus] pool is always too small (Interview transcript 10).

Hence, it is the manager who determines bonuses based on the personal relationships with their team, rather than the market. As I will discuss in the next chapter, the economic evaluative practices used by individuals to determine top incomes demonstrates that these processes are gendered, as well as classed and 'racialized' (Skeggs, 2004a; Mears, 2015; Glucksberg, 2016a). White privileged males are narrated by some participants as finding it easier than others to position themselves as close to a revenue stream in order to increase their economic value.

A surprising finding emerging from the interview data is that one-third of participants refer to top incomes as a result of a "game" or as produced by ruthless, unethical, cheating, unpleasant, morally-repugnant, self-serving people, particularly at the very top. These narratives are in contrast with the idea that top incomes are based on performance in a neutral market. However, they are in line with the notion that merit has to be 'tested' competitively in a ruthless competition, in order to be viewed as legitimate. Narratives include that income at the very top is arbitrary or resulting from "gaming the system", from a "cabal" of people who conspire to rip off shareholders and clients. These stories are often narrated as explaining the financial crisis. They highlight that there is awareness among the sample that top incomes are not necessarily merit based, but based on social relations.

For instance, a financial director questions whether market outcomes are always meritocratic, even though he generally refers to evaluative ideas of an economic nature. Reflecting on his own career path, he explained that he previously thought that hard work is what matters, and what makes you successful; however:

> Watching my dad's career […] and then having that experience in my own career, I realize how arbitrary things become when you get into the most senior levels of

> organizations, and when you become earning the big bucks as it were, **it's almost a game**… I've now been close enough to them that to understand that what you give up is frequently at least as much as, or more than I would be willing to give up, to reach where they are. **Sometimes the skills [required] are actually morally repugnant, to be brutal about it.** I think that there are some skills, including, like a real case of moral indifference, that leads people to these higher echelons, so for instance, if you're a person that is seen as, ah, a guy that just gets things done […] I've been called this before […] it has a very good connotation in this culture […] but what I am realizing more and more […] once you get up into the top levels in this organization, **sometimes what has to happen in order for you to get things done, runs up against your moral code […] your code of ethics.** And sometimes it goes too close to where you just go, I am just not happy doing this anymore (Interview transcript 2, emphasis added).

This transcript highlights that rather than viewing top incomes as a result of neutral market forces, the participant narrates the competitive culture at the top of the distributions, where people ruthlessly try to become the winners of the game. Another finance professional describes the people in his industry with high incomes in a similarly critical light:

> I would say there is a significant proportion, especially in finance, were you need to be **ruthless, unethical, unpleasant**... I mean, that is a generalism of course… I think banking in particular has been full of these thoroughly obnoxious people who've seen an opportunity to line their own pockets at other people's expense. [At an investment bank] they had management meetings were they would say **'how are we going to rip off our customers'** […] and **'how are we gonna rip off our own shareholders'**. I was at those meetings. I couldn't believe it… it blew my mind […] they got a cabal to get there... and you either bought in and you got paid a lot or you didn't buy in and you got sacked […] I'd say the junior levels were all very hard working and honest […] but if you want, once you got to the cabal [...] like organized crime, you had to buy into the ethic and you just were not allowed to see anything or say anything... it's on their terms… like the mafia. Just never tell it as it is (Interview transcript 8, emphasis added).

While many participants narrate top incomes as a result of neutral market forces, competition and individuals' productivity; some also explain that top incomes are enjoyed by self-interested individuals in social relationships with each other. Instead of neutral market forces assessing the merit of individuals, the competition described in these narratives is unceasing, ruthless and unethical.

Challenges to economic evaluation: Variation in the sample

There is important variation in the sample however, with a significant minority, about one-third of the participants, who question whether economic evaluation practices, which are designed to increase the value of capital, reflect individual social contribution. These participants challenge the view that 'the market' is an appropriate and morally adequate instrument for the evaluation of individuals' contributions, and ultimately the distribution of resources.

There are two 'ideal types'. A majority of participants (two-thirds) are devoted to economic evaluation based on a 'neutral' market and view market outcomes as reflecting contribution. I term these 'economic evaluators'. A significant minority of participants on the other hand, which I term 'social evaluators', actually questions evaluative practices based on money as a metric of worth and/or views market outcomes as unfair. Social evaluators do not consider economic reward as equivalent to contribution. They are considering values and value; whereas 'economic evaluators' focus primarily on value (Skeggs, 2014). I could have also termed these ideal types as 'classical' and 'neoclassical', or 'socio-economic' and 'economic liberal' evaluators respectively. However, for reasons of simplicity, I refer to 'social' and 'economic evaluators'.

Economic evaluators view economic reward as reflecting contribution. 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:

> 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 (Interview transcript 17).

With reference to the achievements of sportsmen, this economic evaluator established that top incomes are a reflection of talent and a reward resulting from market competition, akin to achievements in a sport competition. Therefore, he views inequality as measured by top income shares as not relevant.

Social 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). Therefore, as I will discuss in *Chapter 8,* social evaluators are concerned about inequality. A finance professional for instance questions:

> 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 (Interview transcript 9).

Hence, reflecting on her income, this participant questions whether economic reward reflects social contribution. Therefore, social evaluators do not view economic reward as fair or reflecting social contribution. In *Chapter 8*, I will discuss how social and economic evaluators perceive economic inequality. Participants were asked how high top income and wealth shares should be to assess their views on the distribution of resources. In general, economic evaluators explain that they cannot say how high top incomes or wealth shares should be or that "the market will find a level for inequality". By contrast, social evaluators state that top income and wealth shares are a social issue and should be lower.

Characteristics of social and economic evaluators

An analysis of the characteristics of social and economic evaluators shows that there is no difference based on their sources of income (5/15 who derive their income from labour, 2/5 of those in self-employment and 3/10 of entrepreneurs are social evaluators) or gender (3/8 female participants, and 7/22 male participants are social evaluators). In regard to participants' wealth and income, I find that those with lower incomes and wealth are twice as likely to be social evaluators. Specifically, 7/16 of those with incomes which are approximately in the bottom 90 percent of the top 1 percent (income between £140k and £400k), but only 3/14 with incomes in the top 0.1 percent of the income distribution (incomes higher than £400k) are social evaluators. Further, while 7/16 of participants with wealth below £5m are social evaluators, only 3/14 with wealth between £5-250m fall into this category.

As those with highest incomes and wealth tended to be older, age differences were also analysed. Participants in their 50s and 60s are least likely, and those in their 40s are most likely to be social evaluators (1/10 vs. 5/7). Participants in their 20s and 30s are in between the two extremes (4/13). We may expect that those who hold degrees in business or economics are more likely to be economic evaluators. Many participants hold degrees in these fields (13/28 of degree holders). However, notwithstanding the small sample size, participants with business and economics degrees are actually more likely to be social evaluators (5/13) than those with law (2/6), science (1/6) or no degrees (0/2). Humanities graduates are most likely to be social evaluators (2/3).

There is no difference between participants who indicated that they have been socially mobile and those who explain they have not been socially mobile (7/20 vs 3/10). However, participants who mention unprompted that they have been to private school, are distinctive; strikingly only 1 out of 8 participants who told me they attended private school (or whose public profile reveals they did) are social evaluators. In regard to political orientation, I find that those who make references in favour of the Conservative party (or whose online profile reveals that they support the party financially) are all economic evaluators; while those who are in favour of the Labour party are almost all social evaluators (4/5). In sum, those with highest incomes and wealth, private education, a preference for the Conservative party and degrees in sciences or no degree are more likely to be economic evaluators.

Conclusion

In this chapter, I have argued that top incomes are made sense of through the very economic evaluative processes which participants explain as producing top incomes. Evaluation is a cultural process, based on culturally-shared understandings of value(s)

(Skeggs, 2014). For most participants, the yardstick of worth is money; as in the liberal economic tradition (Fourcade, 2011). Hence, the evaluation processes are economic in nature. The market, a neutral, rational instrument is viewed as the best way to evaluate value(s). For many participants, returns to labour and capital are perceived as reflecting social contribution, consistent with the neoclassical economic theory of the marginal productivity of income distribution (McGoey, 2017).

The evaluative practices, in the finance industry and the organizations where participants work, are built on sociological rational principles (Weber, 2003 [1905]) which rationalize extremely high incomes in the psychoanalytical sense (Bourdieu, 1986, building on Freud). Top incomes are viewed as legitimate if they constitute a share of “wealth created” for clients and shareholders. Hence, I argue that the purpose of financialized ‘elites’ is ‘service to capital’ (Bourdieu, 1986). However, there is variation in my sample; whereas a majority are economic evaluators, a significant minority of participants (one-third) questions whether market outcomes based on economic evaluative practices are a reflection of social contribution. Participants who support the Labour Party, who do not mention that they themselves have been to private school, whose incomes and wealth are on the lower end of the sample, and who have degrees in humanities and the social sciences, are more likely to be social evaluators.

The data shows that social and economic evaluators narrate situations which demonstrate that top incomes are the result of social relations (Zelizer, 2012). I will return to this theme in the next chapter where I discuss how beliefs in economic reward as reflecting contribution can be sustained alongside visible structural inequalities. Participants question their own income or assert that “it is a game” at the very top, sometimes by referring to individuals who are ruthless and unethical. Hence, market competition is not only presented as a neutral, benevolent force, but on the contrary, as a ruthless, unethical game. This theme relates to the actor imagined in neoclassical theory, an objective, male, calculative agent in service of capital; demonstrating that women miss out in this culture, as they are expected to attend to the family instead (Glucksberg, 2016a). Participants aspire and struggle to advance their position, because those who create the most economic value are viewed as the best. In *Chapter 7*, I will discuss how economic evaluations of worth relate to who people look up to, resulting in relative (dis)advantage. In *Chapter 8*, I will demonstrate that participants’ evaluative metrics affects their view towards inequality, and their policy preferences. Economic evaluators who see the market, a seemingly neutral and rational instrument, as best suited to evaluate merit have different views and policy preferences when compared to social evaluators.

Chapter 5 Economic evaluation as gendered, 'raced' and classed

Introduction

Participants view differences in income as resulting from the market forces of supply and demand; envisioning a certain market ideology of neutrality and meritocracy. In this chapter, I will build upon the analysis in the previous chapter on narratives explaining inequality by now discussing whether and how structural explanations are acknowledged[97]. In line with neoclassical economic theory, many participants favour individualistic explanations of the distribution of income (Khan, 2008; 2011; Skeggs, 2004a). Only a minority are acutely aware of structural inequalities. A majority of participants mention the importance of luck and the absence of structural disadvantage for economic success; but many view the latter as something over which hard work and ambition, seen as most important factors for economic success, can triumph[98] (Littler, 2013). These views are in contrast to other narratives of how economic value is assigned to individuals in social relationships, based on categorizations rather than economic productivity (Skeggs, 2004a; Rivera, 2012; Zelizer, 2012).

Focusing on relationships highlights how economic activity is not simply about profit-maximizing economic transactions, but includes the negotiation of gendered, 'raced' and classed social relations (Skeggs, 2004a; Zelizer, 2012). Participants explain that relationships are important for the evaluation of an individual's economic performance. Half (n=15) mention the importance of networks, social contacts and relationships (much more than the approximately 25 percent of GBCS respondents who choose 'having good social connections' as important for career success). Evaluation of an individual's economic value is a product of social relationships (Skeggs, 2004a). Further, (e)valuation as a cultural process includes the sub-process of categorization[99], which itself includes classification (Lamont, 2012). Therefore, "[c]lassification is valuation" (Skeggs, 2015). The classifications addressed in this chapter relate to gender, ethnicity and social class[100] (Skeggs, 2004a; Lamont, 2012).

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[97] I focus on participants' attitudes to structure, rather than structure itself.

[98] This discourse is in line with the Conservative Party in the UK; for instance former Prime Minister David Cameron's "aspiration nation" (Littler, 2013) and current Prime Minister Theresa May's pledge to make "Britain the world's Great Meritocracy" (The Conservative Party, 2017).

[99] Categorization is defined as "determining in which group the entity [...] under consideration belongs" (Lamont et al., 2014, p. 21, citing Lamont, 2012, p. 206).

[100] There are many alternative classifications including sexuality, disability, religion, among others.

Building on the concept of economic evaluation I will show that for many participants there is no tension between structural inequalities and beliefs of meritocracy. This is because middle class or privileged backgrounds and positions, masculinity and Anglo-Saxon whiteness (and Asianness which is racialized as enmeshed with quantitative skills) are seen as bound up with economic value (Skeggs, 2004a). As a result, participants can reconcile visible, structural advantage in the finance and related industries with the idea of a neutral, meritocratic market. Structural inequalities can become obscured because structure is naturalized (Bourdieu, 1998; 2010 [1984]; Butler, 1999; Khan, 2008; Savage, 2015a).

As I have argued, participants explain that an employee's 'performance' is evaluated by, and negotiated with hierarchical superiors, for instance the partners or managing directors of a company. Therefore, it is crucial to consider who evaluates, because evaluators have power to decide on the criteria of evaluation (Skeggs, 2004a). Evaluators at the top of the income distribution, are generally male (Atkinson et al., 2016) and intersectionally privileged.

The chapter is structured as follows. Firstly, I will argue following Crenshaw's theory of intersectionality (1989) and Skeggs' (1997; 2003) *Formations* and theory of *Class, Self, Culture* that the picture at the top of the economic distributions is intersectional; economic privilege is disproportionately white, male and privately educated. Hence, the conditions of possibility to move to the top are intersectional. Therefore, the intersections of class, gender and 'race' are fundamental for this study. I will then discuss how participants reconcile visible gender, 'race', and class inequality in top income professions with meritocratic beliefs. It is because economic evaluation processes are gendered, 'raced' and classed[101] (Skeggs, 1997; 2003). Trust and integrity are narrated as entangled with family background. Further, and very importantly, private education is viewed as providing children with 'confidence' and soft skills which are seen as economically valuable. Building on the distinction between social and economic evaluators discussed in the previous chapter, I find that almost a third of individuals in the sample expressed nuanced awareness of their intersectional privilege and structural advantages, and that almost all of these participants are social evaluators.

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[101] Note that in the interviews, I used the language of "ethnicity" and "socio-economic" or "family background" because these where the categories used by participants.

Intersectionality theory: White, male, privately educated privilege

I take a broad perspective of 'intersectionality' arguing that the concept is helpful for the analysis of marginalization (Crenshaw, 1989), as well as for economic advantage. Inequalities of gender intersect in important ways with inequalities of ethnicity. As discussed, Keister's (2014) study highlights the overrepresentation of white men among the household heads of the 1 percent in the US (in terms of income as well as wealth). In addition, inequalities of gender intersect in important ways with inequalities of class (Skeggs, 1997; Rivera and Tilcsik, 2016). In the UK, the 'class pay gap' between the upwardly mobile and the intergenerationally stable employed in NS-SEC1 professions (the highest occupational group) is exacerbated for long-range upwardly-mobile women, who face a significant double disadvantage based on class origin and gender (Laurison and Friedman, 2016). Their "predicted earnings are about 25 percent less than those of otherwise similar intergenerationally stable men" (Ibid., p. 685). Further, a CV audit study of large US law firms showed that fabricated CVs which include high-class origin signifiers provide an advantage for men but not for women. Higher-class male applicants received significantly more call-backs than did higher-class women, lower-class women, and lower-class men (Rivera and Tilcsik, 2016). The authors conclude that higher-class status women do not benefit from their higher social class background because they are stereotyped as less committed to intensive careers than their male counterparts. These studies demonstrate how economic advantage is intersectional.

The intersections of gender, 'race' and class (Crenshaw, 1989; Skeggs, 1997) were clearly visible through my fieldwork in the finance offices and barristers' chambers in the City of London, as well as in interview narratives. There is some awareness of intersectional privilege; gender, class and ethnicity are not thought of in isolation. As I will show, many participants point to changes to more meritocratic forms of evaluation in their industries, or in the City of London more generally, which leads to some stating that gender and ethnicity do not constitute barriers to high incomes. Only a few participants address their own white, male privilege in the interviews. For instance, asked whether gender or ethnicity plays a role in the probability of having a high income, a hedge fund manager explains:

> I think so, yeah. I mean it's a lot easier being a middle-aged old white man, than it is being a 23 year old black women. I do get that. I understand that. I mean as I always say to people, I completely agree that there is this, there are glass ceilings, there are barriers to entry for different ethnicities, but they are not my fault. I mean, I don't cause them. But certainly my route was easier or was made marginally easier by the fact that I am a white man (Interview transcript 17).

Even though the hedge fund manager names structural barriers for women and ethnic minorities, they are not recognized as meaningful. By acknowledging that his career route was marginally easier, he positioned himself as modest and distanced himself from the issue. The successful can afford to portray their career trajectory with narratives of 'modesty' as they are in the privileged position of not having to explain why they did not do better (Miles et al., 2011; Bourdieu, 2010 [1984]). While structural advantages are mentioned by socially-mobile participants, suggesting a 'modest' reflection on their career, structural barriers are often portrayed as something participants have overcome through their rational, strategic take-up of opportunities.

On the other hand, structural disadvantages are also acknowledged. For instance, an investment professional describes his workplaces in the finance industry as "stale, pale and male", acknowledging that being white and male is advantageous for a career in finance. He elaborates that he finds it easier to build relationships:

> […] because people aren't accustomed to seeing women, or accustomed to seeing blacks, there becomes a natural distrust from the beginning of the relationship, and it takes a while for that person to prove […] but until that point you're behind the eight ball, you are always pushing, whereas I think for this kind of face [draws square in shape of a frame over face], actually I am lucky in that people seem to trust me, to begin with and then it is mine to lose, as opposed to mine to gain (Interview transcript 2).

Hence, the participant is aware that masculine whiteness is the trusted norm which matters for building social relationships. He knows that he is evaluated as trustworthy, and therefore as economically valuable, by looking the same as most of those who evaluate him. Similarity is important for evaluation and facilitates trust and bonding (Rivera, 2012). Interestingly, this structural advantage is described as luck, and therefore as random, which is common among elite respondents (Sherman, 2017, referring to Rivera, 2015).

Some participants are aware that male participants are more likely to have top incomes, and particularly those who have been privately educated, suggesting awareness of the intersections of gender and class. For instance, a barrister explains that if there are women or ethnic minorities who make it to the top of the profession, they are very privileged in terms of class backgrounds. Discussing the type of people who get the chance to interview at his chambers, he explains:

> There are so many privileged women who are so much more privileged than many men […] You imagine the women who went to top private schools, our chambers is full if anything, of women like that... well, not full, we still have way more men than women. But the women we have are very privileged. So the bigger challenge is to find people who [are from non-traditional backgrounds] […] It's almost worse for ethnic minorities. If you […] look at the Black and Arab people at the Bar, they're often at the commercial Bar. Very, very, very highly privileged people. Many of them went to Eton or something, it's not just privileged as in they come from good fam… it's often exceptionally wealthy (Interview transcript 19).

In the above excerpt, non-traditional background, used as a euphemism for working class, shows that even though class is not directly spoken about, evaluations are classed, such as the idea of "good families" (Skeggs, 2004a). Law is a field with intersectional privilege at the top; "[o]f 108 high court judges in England and Wales, [who are disproportionately privately educated] only 21 are women and just three are recorded as being from minority ethnic backgrounds" (Bowcott, 2015, para 4).

Another interview narrative of intersectional advantage is by a managing director in an international, London-based finance company. In her personal experience, women face barriers to being promoted to senior levels of organizations. As a young woman at the start of her career, she did not fit into the middle-aged white male environment. However, she explained that her private education at a public girls' school gave her the confidence which helped her to build relationships, and therefore function in the finance industry:

> I think that my education […] gave me great confidence, I think it gave me skills whereby I feel comfortable walking […] being a young woman, which is, you know, it's difficult in an industry like financial services but [I was] comfortable talking to people of all different ages, all different geographical, err, backgrounds […] I can build

> relationships with anyone I might meet, I am not usually intimidated by, you know, the systems. And so I think actually entering the organization; the reality of 15 years ago and those things are changing. Until today it was a very educated middle-aged white male environment and I think that […] my education background prepared me to be able to operate in that environment (Interview transcript, 26).

Apart from highlighting intersectional privilege, her narrative introduces two key themes in the data; the first is the 'confidence' ascribed to private education, reminiscent of Khan's (2008; 2011) 'ease' and Bourdieu's embodied cultural capital, which will be discussed in the section on social class. The second theme, already introduced in the previous chapters, is that the City has become, or is becoming, more meritocratic.

Perceived change towards a more 'meritocratic' City

A key theme from my interviews is that "things are changing" (n=16) and that the City of London, or specifically the professions of finance and law, are becoming more 'open' and 'meritocratic' with respect to gender and 'race' (see McDowell, 1997). These beliefs are in contrast to evidence that there is very limited change, if any. McDowell (2010) argues that there have been no significant improvements in terms of the gendered culture of the financial sector since the 1990s. This is consistent with national statistics which show that there is a vast gender disparity among the top 1 percent of income earners (Atkinson and Bourguignon, 2015; Atkinson et al., 2016; Jenkins, 2016). Women are systematically and similarly under-represented at the top of the distribution in Australia, Canada, Denmark, Italy, New Zealand, Norway, Spain and the UK. In these countries, women make up approximately 15-20 percent of the top 1 percent. In the UK in 2013, only 18 percent (approximately 1 in 6) of the top 1 percent of the income distribution are women. This underrepresentation increases the higher one looks up the income distribution; only 9 percent (approximately 1 in 11) of the top 0.1 percent are female (Atkinson et al., 2016). Even though the percentage of women in the top income groups has increased over time, there has been no change at the very top. While the share of women among the top 1 percent increased from 10.7 to 17.8 percent in the period 1995-2013 (almost 20 years), the share among the top 0.1 percent in the same period remained the same (approximately 9 percent). Hence, even though there is some change, it is very small.

While there is limited data on the gendered dimension of top incomes, there is a paucity of data on top pay and ethnicity (Ram, 2017). According to a review of board diversity, ethnic minority directors make up 8 percent of FTSE 100 board members. This figure falls to 1.5 percent if only UK citizens are counted, compared with ethnic minorities' 14 percent share of Britain's population (Parker, 2016). Further, of all FTSE 100 companies, over half (53) do not have any directors of colour. In spite of this data, the narrative of change is the most frequently occurring code related to gender and ethnicity. For some participants, the narrative of change includes views that there are no more structural barriers for women or ethnic minorities (and by implication for female ethnic minorities). An example is the junior investment banker, who keeps checking his phone for updates, who states:

> The City is a different place to what it was maybe 20 years ago when, you know, perhaps being an English male was a massive advantage. But no, to me certainly it's [changed]. Some people might have a different view but I certainly don't (Interview transcript 14).

A quick look at the website of his investment bank highlights that even though the firm prides itself on their diverse workforce, the board of directors represents a picture of intersectional privilege. Meanwhile, during a discussion on whether gender or ethnicity matters for people's chances to earn a high income, a financial entrepreneur explains that there are no impediments in the finance industry, that being smart and working with integrity is more important:

> Well, it's clearly a fact of life [that in finance] most of the senior positions are held by men, and most of those men are white Anglo-Saxon people, but it's changed a hell of a lot in the time I've been involved, which is a long time, and I don't perceive any blocks whatsoever in the industry to women or people of different religions, races or whatever. […] there's so many smart people whether they are men, women or whatever race, and people [...] work with people that are smart, and work with integrity all those other values, that I've mentioned before which I think are very important, integrity, building up a relationship with trust (Interview transcript 13).

This reflects the narratives of many participants; that meritocratic efforts or talents are more important than ascribed characteristics (as found by Khan, 2008; 2011). However, like many other participants he stresses the importance of social relationships and contacts. Recall the previous narrative of the young professional who explained how building trust with others is easier for some (white, male) people than others (who deviate from this norm). Other participants also view equality for women and individuals from different class and ethnic backgrounds as a state yet to be reached. A barrister, who is convinced that the bar in the UK is a merit-based system, explains that even though it may still advantage "old boys", in theory it should not:

> Yeah our profession has certainly changed to the kind of absolutely meritocratic system whereas it used to be an old boys school kind of system where you know someone and you get in and so on and certainly we've at least consciously moved away from it, I don't know whether it still goes on, I suspect sometimes it does, but it shouldn't (Interview transcript 25).

Similarly, a former high-flying fund manager who currently sits on the board of a few companies explains:

> The chauvinist based type of companies to me are, they're the dying breed and they should be [Chuckles] (Interview transcript 22).

Hence, many participants highlight that there have been significant changes towards a more 'open' system, though some acknowledge the continued existence of structural disadvantages.

Gender: Economic evaluation as gendered

Throughout my field work in the City of London, I was repeatedly struck by the gendered nature of top income workplaces. For instance, upon arrival for an interview with an executive at a hedge fund, I was welcomed by two 'well-presented' female receptionists[102], and then led across the hallway to the glass-fronted meeting room passing by the completely open and principally male trading floor. The underrepresentation of women at the top of organizational hierarchies and in top income professions more generally, was clearly visible throughout my fieldwork and

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[102] On 11 May 2016, a BBC article reported that a temporary receptionist was sent home without pay for not wearing heels (http://www.bbc.co.uk/news/uk-england-london-36264229).

was viewed as an issue by some respondents. Roughly one-third of all male participants (n=8/22) either referred to the low proportion of women within their profession and at the top of their organization, or saw this as a challenge. However, there were some male participants who perceived no barriers for women.

For many participants, there seems to be no contradiction between meritocratic narratives and the underrepresentation of women at the top. I argue that this is the case because evaluative processes which assign economic value to subjects are inherently gendered (Skeggs, 2004a). As discussed in the previous chapter, economic evaluation processes which assign value to individuals at the micro-level of interactions, informed by meso-level shared cultural understandings of evaluative criteria, are key for how top incomes and wealth are understood (see Lamont et al., 2014, p. 21). I argue that the process of economic evaluation is fundamentally gendered because "negotiating, defining and stabilizing one's [economic] value"[103] is difficult to align with the classification of femininity. Those who perform femininity are evaluated as less economically valuable. In the City of London, a particular, masculine performance is more highly valorized than other forms of being in the workplace (McDowell, 1997; 2010). Masculinity aligns with the performances of privilege; the simultaneous display of hard work and ease (Khan, 2008). Further, evaluations of who receives top incomes, high bonuses and promotions, are made from the perspective of intersectional privilege. As white males are more likely to be at the top of organizations in the City of London, they are more likely to act as evaluators of others.

Gendered performances of privilege and economic value

Performances of gender naturalize differences in income. Butler (1999) theorizes that social categories are not simply existing "things" but instead a kind of performance: "such performances serve to create an implied interiority to social categories of distinction (gender); in constantly performing gender we create the illusion that gender is a natural quality within us" (Khan, 2008, p. 168). The performance makes gender appear natural. Building upon Butler's 'performativity' and Bourdieu's 'habitus', which explain how a social product (gender and class, respectively) appears to be inherent and therefore natural, Khan conceptualizes the "performativity of privilege"

[103] The quote refers to Beckert and Musselin's 2013 definition of evaluation (Lamont et al., 2014, p.21).

(Khan, 2008, p. 189). Elites "do privilege" by performing hard work simultaneously to 'ease' (or 'confidence' in the words of my respondents). As a result:

> those who are advantaged by this social product are seen not as having systematic advantages, but instead as having "talents", "skills", or "capacities". Those who are disadvantaged are seen as lacking these qualities (Khan, 2008, p. 190).

I argue that the performance of privilege (Khan, 2008) is highly gendered as well as classed (Skeggs, 2004a). The following quote demonstrates how the performance of privilege is narrated as gendered and classed. It also highlights a crucial aspect of the performativity of gender; that gender is performed under the assumption of a power relation, whereby masculinity is viewed as the norm and as superior to femininity (Ibid.). The participant explains:

> [Your gender] definitely does [make a difference], still, unfortunately, because […] some of it's quite farcical in that **you put on this act about being a, you know, a tall man wearing a suit**, and… a lot of people in corporate finance still play on maybe a public school education or the way they dress and that, their innate confidence, in order to be successful. And in some professions, I think **being a male, being a man does count more, does matter more; it makes you more successful** than if you're a woman (Interview transcript 3, emphasis added).

This quote introduces the theme that the performance of masculinity blends in seamlessly with the performance of privilege, but that the performance of femininity can be in stark contradiction with privilege (Khan, 2008). Khan (2008, p. 188) shows in the context of an elite boarding school "that for boys there are far fewer contradictions than there are for girls in embodying gender and embodying privilege". There is a tension between femininity and 'elite' privilege because "girls display performative acts that contradict the performativity of privilege" (Khan, 2008, p. 173). The contradiction is that in contrast to male students at the high school, female students' sexuality is not natural ease, but self-conscious regulation (for which they are responsible). Unlike masculinity, femininity is not symbolically dominant, it is a form of regulation instead of domination (Skeggs, 2004a). Therefore, femininity does not easily fit with inhabiting privilege.

In my interview data, there are narratives of a contradiction between the performance of privilege and femininity. For example, the performance of femininity includes caring for others (Perrons, 2014; Loeschner, 2017). In addition, participants discussed female 'softness', self-doubt, and concern for the social rather than the economic, as well as social skills over technical, mathematical skills which are seen as masculine and hence evaluated as of higher economic value. For instance, a barrister who is very interested in issues of gender explains that being a woman does not constitute a hindrance in her profession. Instead, the socially expected performance of femininity can be an advantage:

> If anything, depending on what case you're doing the client says *oh I do want the woman because it makes me look kind of nicer and it makes me look softer* and you know kind of, depending what type of case it is they think a woman can just present it much better (Interview transcript 25).

However, the participant reflects that being a woman and therefore less self-confident can make it more difficult to do good work as a barrister:

> Where the crucial difference lies is, I think, women are a lot harsher, a lot more [self-] critical and therefore on a job like ours might not always be best suited because our job is based on being confident and once you've made a decision sticking with it, so asking yourself *have I really made the right decision?* on a daily basis is actually not conducive to doing the best type of work (Interview transcript 25).

This assessment shows how performing *femininity*, including being nice and soft with others but self-critical, can be harmful for and in contradiction to performing confidence which is pertinent to economic success as a barrister. Even though this gendered evaluation is narrated as advantageous; women have "no choice" about whether they are evaluated as female workers with feminine traits, which are seen as economically less valuable (Skeggs, 2004a, p. 74).

Another illustration of the contradiction between economic value and femininity stems from an interview with a barrister who was chatting to me about the stereotypical differences between barristers and solicitors. Intellectualism and analytical problem solving are viewed as important for succeeding at the Bar. The contradiction between performances of femininity and of intellectualism is narrated as being more critical for barristers who "look like professors; they will all have like messy hair, and thick glasses" than for solicitors who "look like bankers" (Interview transcript 19). Talking about gender the participant explained:

> It's much easier for me to picture the […] solicitors, the beautiful people who look like bankers who are rich and good looking […] being half female [than the barristers with their] nerdy thick glasses […] when I think about the people I know who are really driven by intellectual problems and things like that, more… who knows why, whether it's a social… I'm not saying it's natural. But in terms of my experience I would say I know more men like that than women. Maybe it's because of the pressures on women not to look like that, right? […] I think there's self-selection factors (Interview transcript 19).

Hence, performing intellectual dedication through bodily representations (Bourdieu, 2010 [1984]) is perceived as potentially contrasting with performing "well-presented" (Interview transcript 19) femininity[104]. While this is often portrayed as women's choice, in reality, not being evaluated by their appearance is not an option for women. Their bodies are the visible minority in the City of London (McDowell, 2010). As intellectual and analytical skills are important for a barrister, performing femininity can have a negative effect on the evaluation of their economic value. It is precisely this process of economic evaluation which I will address in the next section.

Economic evaluation of performance

It is important to consider not just how individuals perform, but how their performance is evaluated. The question is who is the performance for, who evaluates it, and who benefits (Skeggs, 2004a). The classification of others limits possibilities for our performance. For instance, it is not possible for women, to play this 'act' of privilege by wearing a suit because doing so does not have the same effect of authority, and economic value. In contrast to masculine self-assured value creation, performances of femininity include underestimating one's own (economic) value and contribution. This

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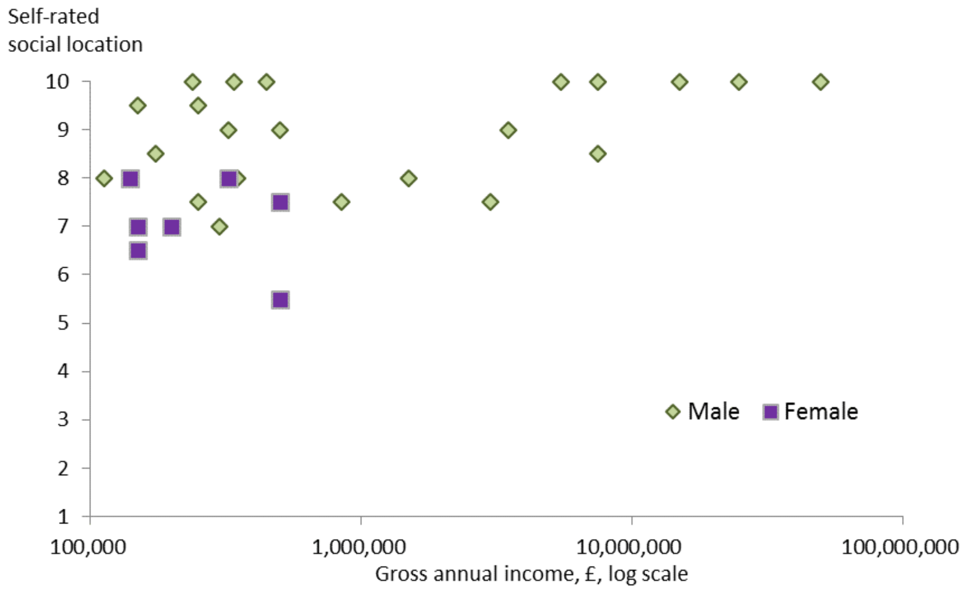
[104] This chimes with Khan's (2008) work which found that there are more options for opting out available for male than for female students, including being 'nerdy'.

is evidenced by how the women in the sample perceive their subjective location[105]. Women in the sample consistently self-rate their social location as lower than men with similar incomes (Figure 5.1).

Figure 5.1 Subjective social location of participants by income and gender



Performances of privilege (Khan, 2008; 2011), of being a top earner or a wealth creator tie in seamlessly with performances of masculinity. Historically, women have been excluded from property rights (Skeggs, 2004a). Women are viewed as self-selecting out of pursuing top income jobs and wealth; hence naturalizing their economic disadvantage. Being categorized as a woman presents a contradiction to asserting one's "leadership skills" and economic value in the financial industry. For instance, a former fund manager explains how working in a team and for a strong leader rather than being a leader themselves just "sits" better with women:

> It's a terrible expression but there's this thing, "Alpha Females" you know, women who in business are almost more aggressive than the men […] asserting their leadership skills

[105] As will be discussed in *Chapter 6*, participants were asked the following ISSP survey question: *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?*

> […] but from my experience women... We're very good at being "Number Twos". Does that make sense? (Interview transcript 22).

Her account demonstrates that gendered performance is a response to gendered evaluation. Performing "confidence" which is aligned with economic value has a bad connotation when it is performed by women. Similarly, another successful participant explained to me that as a woman, one needs to be "confident, but not too confident". Masculinity is narrated in tandem with discourses of wealth creation and cold decision making which are valued in the finance industry, and in particular the quantitative industry sub-sector. For instance, a finance professional working for a quantitative hedge fund explains that it is great working for his current employer:

> […] because it's all systematic, everything is computer trading, **there's no human emotion** […] it's all programmatic […] with investment decisions **you've got to be cold and clinical and analytical** […] as opposed to being emotional (Interview 7, emphasis added).

It is precisely these masculine traits of "cold" and "analytical" decision making which are seen as economically valuable. The pursuit of money and the creation of economic value are narrated as aligning with masculinity, whereas the social, and caring are viewed as aligned with femininity[106] (Perrons, 2014). Only men are seen as measuring success in terms of money. For instance, a barrister explains that women are less likely to measure success in monetary terms than men; providing the example that within her network, acquiring a Porsche by age 30 seems to be a male goal; her male partner would like a Jaguar car while she would like to buy a family home. Similarly, the former fund manager with the impressive track record explains that money is not the be-all and end-all for women; flexible work hours which allow family time are equally important. When discussing policy solutions to inequality with me (to be discussed in detail in *Chapter 8*), she explains that she struggles with government redistribution but supports change in attitudes away from a masculine obsession with making money:

[106] In classical, and neoclassical economic theory, the envisioned, rational actor is male; work such as cooking for your family are excluded from analysis as this is not seen to have any economic value (see Marcal's (2015) feminist discussion of Adam Smith's work).

> I think that having more women actively involved in the workplace […] I'm an optimist ... to me it would have a benefit in society in a sense that we would be less obsessed with making money. It would be more about a lifestyle and being a productive member of society […] And **it won't be all about money and money** […] you won't have this thing like, basically, it's... you need higher financial incentives to compensate for what you're losing out on. The work/life balance will become more sort of aligned and therefore less dependent on the money (Interview transcript 22, emphasis added).

Therefore, women are viewed as less focused on economic value. Another area where gendered categorizations have important implications for economic evaluation is the theme of risk. Taking risk is narrated as key for entrepreneurialism and the creation of economic value; hence, it is put forward as important for deservingness. Consequently, risk taking is an important theme for meritocracy. It is men who are evaluated as good with risk (and hence the creation of economic value). In interviews with male respondents, "guys taking risk" is a key emergent theme, but not females taking risk; and taking risk is not a key theme in interviews with female respondents (as established using the quantitative text analysis software WordStat). A barrister explains that there are fewer women in the profession because:

> […] being self-employed means you take a big risk, I think risk-taking is probably something which men are more willing […] Er …it's quite isolated, it's less sociable [at the Bar] (Interview transcript 19).

This narrative demonstrates that the theme of risk taking, which is economically valuable, is viewed as masculine. Hence, the underrepresentation of women at the top, for instance among entrepreneurs, is explained via women's individual choices, ignoring structural disadvantages for self-employed women or female entrepreneurs. For instance, Alesina et al. (2013) find that female entrepreneurs in Italy pay more for credit than men because banks charge different rates to male and female borrowers. A related aspect, which is not addressed when participants explain the importance of risk taking for entrepreneurship, is the positive relationship between personal wealth (in particular financial wealth) and the propensity to start a new business. Sauer and Wilson (2016) investigate this relationship, and find that this observation can be partly explained by the fact that single women have a lower likelihood to obtain formal loans due to their lower rates of home ownership. These findings highlight the intersectionality of who is able to take risk in order to obtain top incomes and wealth.

While gender is performed, evaluation processes are likewise gendered. Some female participants explain that it is not only more difficult for women to recognize the economic value of their own contribution, but also to convince others of it. These participants explain that it is more challenging for women to negotiate pay and to demonstrate that they are associated with a revenue stream which would allow them to gain legitimacy for higher pay. For instance, a high-flying managing director, whom I interviewed on the phone while she was boarding a plane to the US, explains how women lose out in a discretionary bonus environment. As demonstrated earlier with reference to the low representation of women in the 1 percent, those who evaluate their own, and other people's economic value at the top of the distribution, are generally male. Reflecting on the way that "all these organizations are set up so that [the] privately educated, affluent white middle-aged male operates [well in it]" because they are the ones who "aggressively […] advocate for themselves" she explains:

> There are some places where it's very formulaic, right 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, you know some key numeric metric, but there is some subjectivity involved and that's when I think women miss out [because it is more challenging for them to advocate strongly for themselves] (Interview transcript 26).

This insight illustrates how the evaluation of performance pay is not a neutral market-based process where "*you sell this much, you will receive x percentage of it*", but based on the process of gendered evaluation. Rather than attributable to productivity, as marginal productivity theory posits, pay is derived from negotiations between parties in a social relationship with each other, in which participants negotiate gender relations (Zelizer, 2012). In an evaluative environment which is designed for and by those performing masculinity, it is unsurprising that those who are evaluated as "the best" are often male: "we've just now hired someone and he's male but he's literally the best person for the job… and that's all we can do" (Interview transcript 1). In the next section, I will pick up on the description of top income work environments as a reflection of privately-educated, affluent white middle-aged males.

The masculinity of the performance culture

Gender classifications are inherently bound up with how evaluation in the performance culture works. In this culture, masculine performances of sacrificing your family life for excruciatingly long hours at work are admired for what a chief executive narrates as "dedication to the job" (Interview 4). What is valued in the field is gendered, designed mainly for and by men. The senior executive explains that he sometimes checks on who of "the guys" is still working late in the evening; I picture him as he walks through the aisles of his elegant office building. It is difficult to assess whether the "guys" he refers to are actually more economically productive than other workers; however, their boss thinks they are, which is what matters for their performance review and their bonus payments.

The performance culture, does not "sit" well with performances of femininity in particular if families are involved. Women are classified, and evaluated as more focused on family life than men. Talking about women who leave careers in finance early due to a lack of work-life balance, a financial professional explains:

> Maybe in the end they are the smart ones! […] because I have heard of several cases of ladies that just say… *we are reaching the stage that there is no family life,* and you say, *yeah, I know, I mean that's why you get paid the money* […] And they kind of go *that's wrong*, and they don't want to do that. So they are more keen to raise their hand and say *I'm out* whereas the males, they feel a little bit more, whether it is that they feel more ah… they have a right to do that, or they feel like *oh that's fine* they are willing to sacrifice their home life... I don't know (Interview transcript 2).

Due to gendered expectations, women are more likely to opt out of the family unfriendly environment of top income organizations. The pressured nature of top income organizations means that those participants who specifically address family structures in the interviews advocate a single-earner family (n=5/5). As Loeschner (2017) argues, professional workplaces are still set up with a single-earner family in mind, consisting of a provider (usually male) and a homemaker (usually female). According to my interview data, this ideal is dominant at the top of the income distribution, as described by Glucksberg (2016a). As the performance culture and long working hours legitimize top incomes by making them appear merit based, opting out to perform femininity means women's work is assigned less (economic) value. Some respondents maintain that it is possible for a woman to pursue a career and keep their top income job whilst having children (n=3); referring to friends and acquaintances. However, they note that this is only possible if the woman's partner "stays at home". Having children and two top income earners in the family is generally viewed as undesirable due to the time commitment associated with top income jobs:

> [I've got] some friends of mine whereby the women are the "bread winner" and the husband stays at home and he focuses more on dealing with the children […] And that allows her to achieve more so it's a sense of change of the natural gender-based roles […] I think most people have realized having two very high achieving members of family and children it is difficult to create a harmonious family life. I mean I think it's possible but very, very [chuckling] challenging (Interview transcript 22).

Given that economic evaluation practices favour men, it is unsurprising that in many cases, it is women who take on their "natural" caring responsibilities in the home.

Self-selection and individual choice

This idea of self-selection (n=9), that women *choose* not to work as investment bankers, hedge fund managers or barristers, is common among respondents. Narratives of choice individualize structural inequalities. Often participants explain that "the biggest challenge is finding females who want to work for us" (Interview transcript 1, investment banker) the reason "frankly, is that most applicants are male" (Interview transcript 16, hedge fund manager). Some, including the fund manager who loves his job, stated their intention to hire more women "I'm desperate to recruit outside bloody men, basically" but concluded that "it's almost becoming impossible" having "tried everything" because "it seems to be, there's clearly a perception amongst women in my view that hedge funds are nasty, really nasty places to work basically" (Interview transcript 15). Structural advantage is individualized; women are viewed as choosing to self-select out of competitive industries.

Reasons for self-selection away from top income careers, as described in the interviews, include that hedge funds are seen as methodical, mathematical places, that quantitative investment companies recruit mainly "computer scientists, physicists, statisticians, mathematicians" (Interview transcript 23) which are predominantly male fields, or that "the nature of the work [of a barrister], the long working hours certainly deter" (Interview transcript 25) female applicants. At the same time, participants note that it is not quite clear to them how this self-selection works in practice: "Is there a barrier to entry? No there isn't, but there seems to be something in practice that means the numbers are not equal and we currently don't know what that is" (Interview transcript 25). Self-selection away from top income environments relates to individualistic explanations of top incomes as a 'choice'. Women are described as being able to 'choose' to either have a career *or* to have children. The narrative of choice highlights again the contradictions between expected performances of femininity and being a top income earner. Often gender is portrayed as not constituting a restriction *unless* the partners decide to have children. A fund manager demonstrates how women need to adapt to gendered evaluations of economic value:

> I think gender's not in itself a restriction. Having a family is. Being a mother is an issue because you do... not all women ... but I'd say the majority of us when we want a family have a stronger bond or desire to be able to have a flexible time to spend with your family and I went to a four-day week, which was great. They paid me twenty percent less and I got the job done. So I did the same job in four days for twenty percent less pay. But that was fine for me (Interview transcript 22).

Assuming that her self-evaluation, of having done the same job in four days instead of five is correct (it is, judging from her performance statistics), and following the logic of marginal productivity theory, her pay should have remained the same. However, the gendered criteria of evaluation, which are designed by men and include a glorification of long hours, meant that she was now paid less. Now, I turn to 'race' as a classification and its role in the evaluation of economic value.

Ethnicity: Racialized assignment of value

Similarly to gender, participants explain that the City has changed a lot (n=7) in regard to the impact of ethnicity on a person's likelihood to have a high income. They explain that there is more diversity, and that work environments have become more international. Whereas some respondents are critical of their environment being "pale and male" or explain there are barriers (n=5) or implicit racism (n=4), others assert that ethnicity "plays no role at all" (n=6). Interestingly, participants had much less to say about ethnicity than gender. All except 3 participants are white and whites sometimes claim that they cannot comment on whether ethnicity is important for earning high incomes, similarly to how male respondents explain they cannot discuss gender. Whites do not see their own whiteness in this way (Carangio, forthcoming). Whiteness does not have specific expectations assigned to it; it is viewed as the norm. Racial stereotyping generally excludes whites, who make up the majority in the City of London. For instance, an entrepreneur looks back to when he first started working in the City:

> I suppose things were different, and it [gender and ethnicity] mattered; nowadays […] you're competing against people from all over the world (Interview transcript 16).

International, diverse work environments are part of the wider discourse of competition and meritocracy. Another entrepreneur who runs a quantitative financial company stresses that they recruit internationally or globally in an attempt to recruit the best:

> I'm very proud at, you know, of how ethnically kind of diverse [his company] is. I mean it's remarkable, really remarkable. You know it's not even something… all we are after is [the] best candidate we can possibly find, very straight forward (Interview transcript 23).

These narratives relate to the idea that the free market eliminates discrimination. A further example is the narrative of a financial entrepreneur, who states that in his view it may be more difficult for ethnic minorities or for women to succeed in the workplace; however, for entrepreneurs [like himself], who compete in a (neutral) market, there are no barriers. On the contrary, the interview data shows that categorizations of non-white, racialized bodies are evaluated with "expectations assigned to 'races'". Continuing the narrative of the entrepreneur who recruits the "best candidate we can possibly find", introduces the most commonly coded theme (n=9), apart from 'change', in relation to ethnicity, which is that Asian, Chinese and other individuals are stereotyped as having cognitive and quantitative skills and dispositions which make them successful in finance:

> The good thing is I think over the course of the last [many years], we found that some of our brightest, smartest and most successful individuals have been, you know, Chinese, South American, Eastern European (Interview transcript 23).

This theme links Asian, Chinese and others who are seen to possess better quantitative skills to the creation of (economic) value. Participants explain that assigning quantitative skills to certain individuals advantages them. This perceived "almost reverse racism" (Interview transcript 2) was addressed in an interview with a fund manager who explains that recruitment in investment banks…

> … in recent years has been driven by high numeracy skills, and maths and physics and that sort of thing, so there's quite a premium put on that initially, rather, and that certainly favours people who've kind of come from a cultural background or a country that has a very high focus on that sort of learning (Interview transcript 11).

Even though white participants stress that stereotyping individuals with Asian bodies has positive aspects for those so evaluated, stereotypical expectations include derogative connotations (n=2). For instance, an entrepreneur states:

> We have a lot of Chinese here… who people recognize, they're low on imagination but good at maths and we have (laughs)… um different people are good at different things (Interview transcript 18).

Recruiting non-whites can serve the purpose of masking structural inequalities and signal meritocracy (Khan, 2008; 2011). The following quote, in which a financial professional refers a change in the industry towards valuing quantitative skills assigned to certain 'races', demonstrates awareness of tokenism and racism in the "financial world":

> There's also an expectation assigned to 'races', for better or for worse, generally for worse; I think an interesting development ethnicity wise, in the financial space these days is the impact of Far East, of Orientals, because there is […] almost reverse racisms, in terms of [Chinese individuals are seen as quantitative experts] but […] when it comes to Blacks I think, and in America, Hispanics... there's still a huge amount of racism that comes from… (pause) social networks, comes from people not being integrated […]

> [There is no equality because] you can have a Russian, you can have a Chinese. Those are the only acceptable ones, otherwise […] this is the normal face, the white guy is the normal face (Interview transcript 2).

This narrative, in contrast to the previous racist comment, highlights awareness of structural disadvantage based on 'race'. In addition, some participants emphasize that there is an underrepresentation of black individuals at the top. In regard to this underrepresentation, some participants including a barrister highlight that they are aware of the intersections between 'race' and economic disadvantage:

> I don't know what explains [the underrepresentation of ethnic minorities studying law at Oxbridge]… well maybe I do know what explains it in some senses […] there are probably fewer ethnic minorities in private school I guess, that might be a function of wealth or something […] I don't feel there's any discrimination in the sense that I haven't come across I've never heard anyone be racist, I never heard anyone say to my memory that white people or black people are better at particular things (Interview transcript 20).

This quote highlights awareness of the intersection between social class or wealth, and ethnicity. It is this issue of socio-economic background, and how private schools translate economic capital into educational credentials which will be discussed in the next section.

Social class: Economic evaluation as classed

Was social class background[107] viewed by participants as important for achieving economic success and high incomes? I will address this question as well as the potential tension between background, advantage and inheritance (Savage, 2014; Dean and Platt, 2016) on one hand, and motifs of meritocracy (Savage, 2015c) on the other. Some participants are clearly aware of the effect of family background on life chances; however narratives of meritocracy are generally enmeshed with accounts of advantaged backgrounds (see Glucksberg et al., forthcoming). Privileged individuals are viewed as

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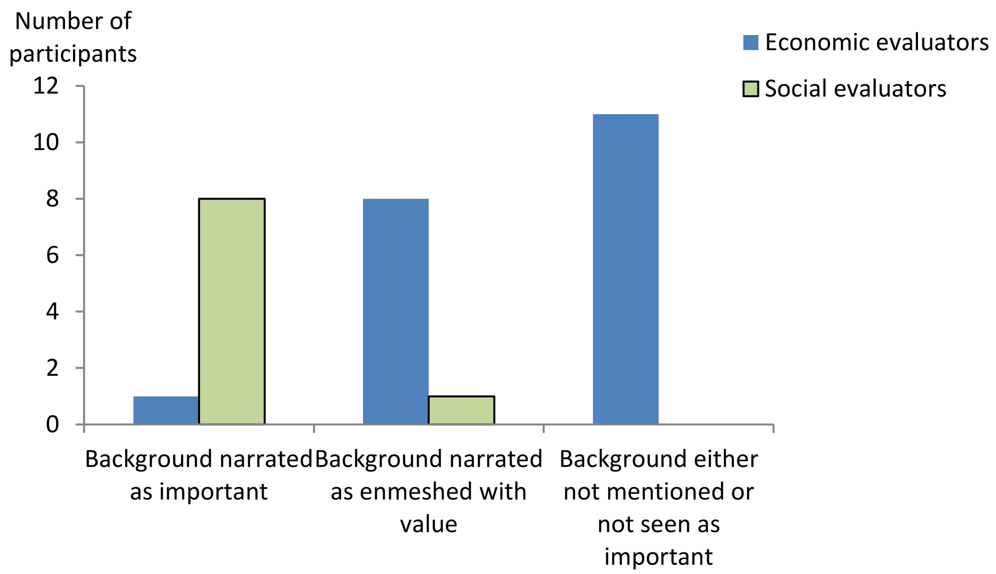
[107] While participants generally refer to socio-economic background, family background or privileged families, I refer to social class.

more economically valuable. For illustration, in a study of professional services firms in the UK, Ashley and Empson (2017, p. 213) argue that privileged employees are seen as a marker of status, legitimacy and therefore offer a “competitive advantage” to firms. In line with this finding, for many participants there is no contradiction between meritocratic beliefs and the overrepresentation of those with privileged socio-economic backgrounds at the top, because structure becomes naturalized (similarly to what I have shown regarding gender).

One key area where the contradiction between inheritance and merit is blurred in interview narratives is that the ‘confidence’ and ‘soft skills’ which are taught in private school are narrated as crucial for climbing the career ladder in finance and in law. Those who have these skills are economically evaluated as doing and being inherently better (Skeggs, 2004a; Khan, 2008). However, some respondents actually question the social process of privilege and confidence or express concern over the advantages afforded by private education.

Figure 5.2 Views on the importance of background for obtaining top incomes



Note: For one participant, it was not possible to assign a category due to missing data.

During my interviews, family background came up spontaneously, whereas gender and ethnicity were prompted. In regard to participants’ backgrounds; 6 voluntarily explained that they attended private schools, even though it was not included in the interview topic guide, and a further 2 have public profiles which state that they attended prestigious private schools. Further, only one-third of individuals (n=11) indicate that from their perspective, they have not been socially mobile.

Even though a majority of participants refer to family background spontaneously, many do not mention background when discussing differences in income, and top incomes and wealth (Figure 5.2). Overall, about one-third of participants view background as important, another third sees high social class background as enmeshed with virtuous values, and the final third does not mention background in the interview (hence, it is assumed that this is not considered as very important). Of the economic evaluators, 11/20 either do not mention background or say that it does not matter (8 and 3 respectively), 8/20 explain that "the right family" matters but hard work is more important or present social class as enmeshed with social value, and only 1/20 explains that background matters. Social evaluators, on the other hand, explain that background matters (8/10), or see it as enmeshed with value (1/10).

What is left implicit in those interviews, in which social background was not discussed as relevant for top incomes and wealth, may have been addressed by the participant who explains that family background does not prevent access to high paying jobs because of efficient hiring practices (in investment banks). He mentions, referring to his employer:

> We're very efficient at hiring people from a multitude of backgrounds, so you could have been in a poor Indian family, and still make it at [his investment bank]. So, you don't necessarily need to be from a privileged background (Interview transcript 1).

Hence, it is ability which is seen to matter most, not privileged backgrounds. On the other hand, participants who highlight structural inequalities, refer to the importance of socio-economic background and location of birth as key predictors of someone's income (n=7). A hedge fund manager explains:

> The single biggest factor in someone's income is where they were born; clearly, I'm not telling you anything you don't know (Interview transcript 16).

These contrasting narratives show that there are vast differences in the awareness of structural disadvantages by participants. A finance professional, who is currently re-evaluating whether he wants to stay in the industry, explains that the right names and background are important. I have previously discussed how this participant critiqued the idea of meritocratic economic evaluation, explaining that at the top "it's almost a game". His narrative highlights the importance of social class, and relationships:

> [The difference in incomes] has very little to do with your productivity, or what you're producing or anything, or any connection with reality, it's all ah... it becomes a... who can you work with, are you a nice person to work with, do you know the right people, **do you have the right names and background to where people trust you well enough, that they are willing to allow you in, into their circle** and once you're in the circle, it actually can become very difficult to get out of the circle… and these are the people that are the high income [earners] (Interview transcript 2, emphasis added).

This view contrasts with the economic theory of marginal productivity at the top, and with the literature on skill-biased technological change. Even though participants acknowledge that privileged backgrounds make the path to success easier, many insist that structural barriers can be overcome with hard work, or that hard work is the most important factor (Littler, 2013). For instance, a respondent who went to private school and currently runs a family office mentions while discussing inequality that even though background certainly affects people's chances in life, working hard is most important for success:

> So much of people's positions in life boil down to being born to the right family […] But I think at the end of the day, that if you, if you don't work hard, or if you don't push yourself into the right positions, you won't, you won't achieve anything (Interview transcript 12).

Hence, though a privileged family background is narrated as advantageous, it is hard work which counts; even those from wealthy backgrounds, still need to work hard. Another entrepreneur explains for instance that even though coming from a wealthy family makes success easier, there are "people who break out of the social structure; it depends on how hungry people are to change path" (Written notes from interview 24 which was unrecorded at request). During the interview, the entrepreneur reflected on his own story of success, explaining that he had to build up social contacts on his own, as he was disadvantaged by his middle class background. Further, a couple of participants refer to stories of privileged individuals who were unable to get ahead because they did not apply themselves, as an example for this idea (see also Savage, 2015c).

The reason why many participants do not experience a contradiction between privileged backgrounds and merit is because the two are often seen as entangled (Bourdieu, 2010 [1984]). Participants perceive coming from a middle or upper middle class background as a "good" morally valuable family background[108], as it is seen as conducive to and associated with a good work ethic, which means working hard. Hence, evaluations of class are enmeshed with moral evaluations (Skeggs, 2004a). Similarly, social networks and contacts are also perceived as associated with trustworthiness and integrity. For instance, a successful fund manager is quite open that his "background of having the right contacts" enabled him to get into his economically successful position. He explains how his father…

> […] got me an interview there and the fact that they knew him and they trusted him, I think integrity in our business is extremely important and the fact that they trusted him meant that they were prepared to give me the benefit of the doubt (Interview transcript 21).

This narrative highlights how family contacts are viewed as important for relationships and trust, which can be transformed into economic value.

Meanwhile, a financial entrepreneur, who explains that he did not experience any obstacles to success even though he is from a poor background, acknowledges that family background makes a difference. However, he sees it as entangled with cultural capital, work ethic and educational merit:

> It is probably fair to say that people come from well-off backgrounds ah, which I didn't, but people that do, probably have a better chance at education, a strong middle class background you will be encouraged more in education, education is absolutely vital in my view, building a work ethic, I think that happens better in some families than in others, I think if you're born into a dysfunctional family, single parent family or whatever, that's tough. Um, but there are still opportunities out there (Interview transcript 13).

[108] With the exception of those participants who view their middle or upper middle class background as disadvantaged compared to others from privileged backgrounds.

A barrister, who is proud that her parents and grandparents bestowed a hard work ethic onto her, refers to this entanglement in a similar way stating that:

> I really believe in background and family background and that kind of determines where you might go. Not just, maybe not in economic success but just kind of getting the act together, getting a job and working hard (Interview transcript 25).

Similarly, a barrister who went to private school also demonstrates how family background translates into merit:

> I would imagine that [family background] has enormous effect; my family was […] it's all relative right… but I would say that my family was pretty comfortably, sort of wealthy, not fantastically rich […] pretty comfortably off. You know went to private school […] I don't know how it works in Austria but in this country the best schools probably are fee paying schools […] which is just not accessible to, erm, people who aren't from a relatively comfortable background… I think that was a big advantage; I think that if you come from, erm, more wealthier background, my mum was able to stay at home […] that gave me a more, erm, stable home environment […] **I didn't have to work myself ever** so I didn't have to give up time, I could spend my time you know working and/or doing things that were extra-curricular activities that were helpful to university applications and stuff like that […] so I think that having wealthy parents are advantageous for those reasons […] there are other reasons, other benefits, I think that coming from a stable background, [with] **high expectations and sort of hard work is seen as a good thing and by hard work I mean hard academic work** […] just anecdotally, I would imagine that life's easier if you're relatively well off (Interview transcript 20, emphasis added).

The quote shows the contradiction that hard work actually means not working, but study and extracurricular activities. It also introduces the theme that private schools are viewed as necessary for facilitating economic advantages (see Khan, 2008; 2011).

Private schooling: Translating economic advantage into cultural capital and economic value

A key way in which structural advantages are mentioned as entangled with merit is in reference to private schooling, which is seen to bestow 'confidence' (n=5) (similar to

Khan's (2011) 'ease') and other skills which are necessary to be viewed as of economic value. Education (n=18), in particular, private schooling and associated social networks (n=10), is narrated as important for being economically successful. Crucially, private schools are narrated as bestowing economic advantages because they are creating more talented, articulate, confident individuals (see Khan, 2008; 2011). Privately educated individuals are viewed as having superior networks (social capital), and confidence (embodied cultural capital). Those participants who mention that they attended private school (n=6) describe their experiences as having aided their economic success.

Continuing the narrative of a barrister, illustrates why private schooling is seen as economically advantageous:

> Being a barrister is a knowledge industry so people come to me for my expert, my supposed expertise; [Success as a barrister is] a function of being educated… and […] other skills, so soft skills i.e. being able to speak to people and get on with people […] and there's also, **there's some performance element in […] speak[ing] in court** […] I imagine that both of those are also a function you know, of the [private] schools that I went to, the [Oxbridge] universities I attended… I'm sure there's a genetic component to those kind of things as well […] but yeah I would imagine that the vast majority of the reason why I've been successful is education […] to the extent that **I have a degree of confidence and I am articulate and those are, you know, it's a degree of interesting performance** […] that's not education in the formal sense […] You go to a school where […] you're asked to speak a lot from a young age… you're likely […] to be more articulate (Interview transcript 20, emphasis added).

Mocking his own expertise as performed, he explains that it is precisely this "interesting performance", learnt in private school, which is economically valuable. In line with this idea, there are a couple of participants with extremely high incomes, who explain that they consider themselves as having been "pretty average". They stress that their private education gave them a "level of confidence" which helped them succeed. Interestingly, they openly criticize the advantages afforded by private schooling, calling it a "terrible system". A successful fund manager explains his own success:

> Having a private education tends to make one more confident than one would be otherwise […] You know, particularly if you're not […] outstanding, I think if you're outstanding, you know, it'll come to anyone. But if you're average, I consider myself

> pretty average, I think having a private education has certainly, you know, given me a level of confidence that you… you very often don't get in the State system. Now you come from Austria and you don't have this terrible sort of private schooling system do you? (Interview transcript 21).

There is an interesting contradiction between a critique of the private school system and the acknowledgement that it has been beneficial for personal success, as well as the conviction that private schooling is the best and therefore the only viable choice for the education of one's children. For instance, one financial entrepreneur, whose public record shows that he has financially supported the Conservative Party, goes as far as proposing the abolishment of private schools to address the problem of "pretty crappy" state schools:

> We should get rid of private schools completely. Um, which they won't but they should. Then you have, you know, if I couldn't have just written a cheque and my children had to go to the school where I lived, I'd make sure the school was good. […] I'd go there until it was sorted out. […] I'd give my own money and make it good (Interview transcript 18).

This quote demonstrates the extraordinary agency of the extremely wealthy. It also shows how private schools are seen as the logical extension of market thinking; parents pay for better services, and private schooling is a key way of transferring economic into cultural capital (Bourdieu, 1986) which is in turn expected to yield future economic returns. Therefore, even though private education is criticized, it is still perceived as the only viable option for education. Private education is narrated as a necessity due to its importance for elite accumulation (Savage, 2014). As a result, many participants acknowledge that economic capital is advantageous for educational outcomes.

Conclusion

Privilege at the top of the income and wealth distributions is intersectional (Skeggs, 1997; Crenshaw, 1989) because it is disproportionately, white, male and privately-educated. In line with this, many participants view inequalities of gender, ethnicity and class as intersecting issues. Some acknowledge their advantages. However, the focus on accumulation means that participants seek to sustain their privilege through actions;

for instance, by sending their children to private school or arguing that it is not their role to change the status quo. For many participants, there is no contradiction between meritocratic beliefs and the overrepresentation at the top of those who perform masculinity, are white and who come from privileged socio-economic backgrounds, because structure becomes naturalized (Bourdieu, 1998; 2010 [1984]; Butler, 1999; Khan, 2008; Savage, 2015a). Bodies with these markers of privilege are evaluated as more economically valuable.

I have shown that the performance of femininity is in contradiction with the performance of privilege, and that femininity is evaluated as economically less valuable. Making money and taking risk is viewed as aligned with masculinity. Gender becomes naturalized, as women are seen as self-selecting out of top income jobs in order to pursue more feminine pursuits including looking after their family (Glucksberg, 2016a). The City of London is narrated as having changed in regard to gender and ethnicity, with more diverse, international work environments seen as the new norm, despite evidence that there has been little, if any, change (McDowell, 2010; Atkinson et al., 2016). Economic evaluation is entangled with 'race' in stereotypical ways; those of Asian backgrounds are viewed as successful because they are racialized as having quantitative skills or talents.

Finally, a third of participants acknowledges that class, referred to as socio-economic background, is important, but two-thirds of participants view class as either entangled with merit, not important or not central enough to be mentioned. A key factor which participants stress is the 'confidence' inherent in individuals who were privately educated; this confidence is seen as crucial for economic success. In *Chapter 7*, I will show how private education is related to views on what it means to be rich. The reason why the privileges of those with economically advantaged backgrounds are not generally seen as in contradiction with meritocratic beliefs is that the two issues become enmeshed with the educational and personal merits of the advantaged. Those who perform confidence are viewed as having soft skills and talent (Khan, 2008), making differences in income seem natural.

Chapter 6 Relative (dis)advantage: The perspective from the top

Introduction

The vast economic inequality at the top of the income and wealth distributions is important for how inequality is perceived by those at the top. In *Chapters 4* and *5*, I have explored participants' views on the causes of inequality. Now, I will analyse the perspective from which they view inequality, focusing on participants' subjective social location and social comparisons with others. Social comparisons are important for perceptions of inequality, because inequality is made sense of in the context of social relations with others (Irwin, 2015). How do those with top incomes, many of whom also own top wealth, perceive their own position in an unequal society? Investigating this question by considering how they see themselves compared to others is fundamental for researching how economic inequality is experienced (Runciman, 1966; Rose, 2006; Irwin, 2015).

A characteristic of income and wealth distributions is that they have a positive skew, with long right-hand tails which have expanded over time (Piketty, 2014, p. 601; Godechot, 2016). Individuals situated at the "right" tail of the distributions, i.e. top income earners (and those with top wealth) 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 inequality (see Khan, 2015) because the differences between top income earners (and between those with top wealth) are much higher than those between individuals situated in the middle of the distribution.

Based on my interview data and the economic literature which highlights vast economic inequality at the top, I argue that the top income earners in this study experience inequality from the position of relative (dis)advantage. When looking up, participants experience relative disadvantage, based on Runciman's (1966) relative deprivation, as a result of economically wide-ranging upward social comparisons with socially close and distant others. Upward social comparisons include comparisons with others in their organizations, at competitor firms, in the City of London, friends and family, people with more valuable property and socially distant others known to participants via the media (most notably entrepreneurs and to a lesser extent, footballers, celebrities, aristocrats and people on the rich list).

Asking participants about their own subjective social location, and who is doing better than them (as did Runciman, 1966), generates a lot of data in the form of narratives of relative disadvantage. However, most participants are also aware of their advantage, drawing on economically downward social comparison with "the general population" or "the average earner", their parents and siblings. In the case of social evaluators, participants experience relative advantage with reference to public sector employees who are seen to provide a more important social contribution. Therefore, I argue that top income earners experience relative (dis)advantage.

Due to the skew at the top of the distribution, social comparisons with socially close others may nevertheless be wide-ranging in economic terms. The economically wide-ranging social comparisons, which participants of my study draw upon, are in contrast to Runciman's (1966) and Irwin's (2015) research on the general population or working and middle class participants respectively, which found little evidence of relative deprivation as a result of narrow-ranging social comparisons.

The experience of relative (dis)advantage is relevant for how those at the top of the distribution perceive economic inequality. Firstly, the concept of relative (dis)advantage explains why participants' perceptions of their own subjective social location are skewed, specifically why they underestimate their social location, and their own incomes, compared to everyone else. As I will address in the next chapter, relative (dis)advantage also explains participants' skewed perceptions of what high incomes are and what richness means. Further, the concept is useful for understanding participants' perceptions of levels of inequality; specifically, why they tend to overestimate top income and wealth shares (see *Chapter 8*). Finally, surprisingly, the experience of relative disadvantage is generally seen in a positive light; as an aspiration to do better economically due to the cultural process of economic evaluation, which views those who create most financial value as the best. Therefore, inequality is viewed as something which can be overcome, through hard work and perseverance (Littler, 2013). Hence, many participants view inequality as an incentive to do better, rather than as concerning.

The experience of relative (dis)advantage may therefore provide a cultural explanation for increasing inequality at the top. Social comparisons by micro-level actors do not occur in a cultural vacuum, but are based on culturally shared understandings of how worth is evaluated. As discussed in *Chapter 4,* the criteria for evaluation are foremost economic. Taking into account the cultural process of evaluation helps to connect social comparisons at the micro-level to the broader macro-level inequality (Lamont et al., 2014). The experience of relative disadvantage might be a driver of economic inequality because upward social comparisons with others at the top may lead to a striving for further accumulation (Savage, 2014), as those with the highest amounts of economic capital are evaluated as the best.

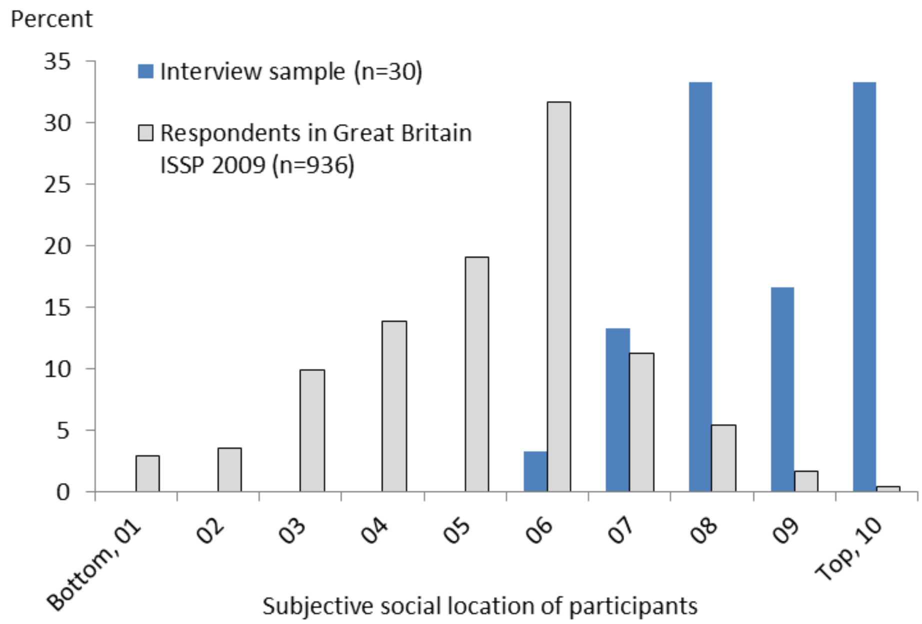
The aim of this chapter is to provide context for the analysis of participants' perceptions of high incomes and richness as well as inequality (addressed in *Chapters 7* and *8* respectively). To this end, findings from the short interview survey and the interviews will be discussed focusing on participants' subjective social location (Evans and Kelley, 2004) and social comparisons with reference groups (Runciman, 1966; Irwin, 2015; Pettigrew, 2015). These qualitative findings contextualize the related survey findings that participants' subjective social locations are skewed. I will then address variation in the sample, focusing on gendered evaluation and outliers at the top. Finally, I will discuss how relative disadvantage may constitute a driver of inequality.

Interview survey findings: Subjective social location of participants

To investigate how participants understand their subjective social location, they were asked the following ISSP survey question: *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?* This question acted as a transition from the open-ended interview to the questionnaire-style section. Respondents were told that the upcoming questions form part of nationally-representative surveys. As was the case throughout the interview, respondents did not just give a short, numeric answer but elaborated on their reasoning; in this case why they choose a certain number. Generally, respondents found it difficult to answer this question because they were not sure what aspect the question was trying to measure. Was it income, wealth, education or happiness? Respondents were encouraged to answer in regard to what they thought was important and could subjectively place themselves according to multiple aspects. As the interview was framed in regard to top incomes and wealth, many participants referred to economic evaluative metrics.

Only one-third of participants placed themselves as being in the top group of society (Figure 6.1), even though all participants are among the top 1 percent of income earners, the highest socio-economic group (NS-SEC1) and have degree-level education (apart from two participants). The median assessment of their subjective social location is 8; demonstrating that participants' perceptions are skewed towards the middle. An explanation may be that there is a tendency for people to see themselves in the middle of the social hierarchy due to a 'reference group' effect (Evans and Kelley, 2004). The reference groups of participants in this sample, which mainly consist of others at the top, may distort "the 'subjective sample' from which they generalize to the wider society and from which [they assess their] subjective location" (Ibid., p. 4).

Figure 6.1 Subjective social location of research participants



Note: Comparative data for respondents in Great Britain are from the ISSP 2009.

However, comparing the distribution of participants' responses with the nationally representative ISSP survey for Great Britain shows that participants' choices are towards the upper end. This demonstrates awareness of social advantage (Figure 6.1). Further, Evans and Kelley (2004) found that internationally and in Britain, only 1 percent of respondents perceive themselves as being in the highest stratum of society, and only a further 1 percent perceives themselves as being in the second highest group. Hence, participants are actually much more likely than the general population to view themselves in the top group of society. As Evans and Kelley (2004, p. 29) found, "a person's subjective social location partly reflects reference-group forces drawing everyone towards the centre, and partly reflects [awareness of] actual social inequalities". Therefore, while participants' upward social comparisons with reference groups may lead them to underestimate their own subjective location, the comparison with the distribution of responses by the general population highlight that the 1 percent are aware of their advantage.

Social comparisons: Relative (dis)advantage

Asking participants questions which invite social comparisons allows them to articulate their own positioning, providing a fruitful avenue for exploring their subjective experience of socio-economic inequality (Irwin, 2015). After participants were asked to rate themselves on a scale from 1-10 as previously described, participants who did not rate themselves as a ‘10’ were asked who they view as a ‘9’ or ‘10’ in society and were asked whether there is anyone who is doing noticeably better than themselves and their family (following Runciman, 1966). I created a deductive code for the concept of relative (dis)advantage, a key theme in the interview data. Inductive sub-codes consisting of the specific reference groups, with which participants compared themselves, were assigned to this deductive code. I will draw on these codes throughout this chapter (Appendix 3).

I argue that participants make sense of and narrate their position with reference to their relative disadvantage; they vividly refer to their disadvantage when ‘looking up’ to others who have higher income or are wealthier (Khan, 2015). Hence, participants can portray their own income and wealth as comparatively low and as normal (Sherman, 2017a). As a result, rather than making them feel worse, their relative deprivation actually makes them feel better (Ibid.). Participants narrate that they are relatively disadvantaged compared to co-workers, colleagues and other parents at their children’s schools. The interview data also includes comparisons to clients, managers and colleagues. In particular, those who are most economically advantaged, draw on economically wide-ranging upward social comparisons with socially and geographically distant others, including named entrepreneurs, billionaires and philanthropists.

Examples of relative (dis)advantage include the narrative of a senior executive of a financial firm who is aware of his relative advantage because he has been “featured on various rich lists”, but evaluates his annual income (income group £401k-1m) as relatively disadvantaged compared to other staff at his firm, as well as his own previous earnings:

> [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 [year] at [name of investment bank] [...] I am earning less income-wise than I did [many] years ago. So, there must be a lot of people earning more than me in the City of London (Interview transcript 6).

Hence, even though he is aware of his advantage compared to the general population, he sees his income as low compared to others with whom he is in close social contact. The vast economic inequality within London is often referred to. A finance professional at a hedge fund explains to me that she is aware that her assessment of a high income, "earning millions", is skewed by the environment that she is in and by the people which she deals with at work. She is aware that her income would be considered as high in different environments, specifically the area where she grew up:

> High 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 (Interview transcript 29).

This quote highlights that the participant is clearly conscious of her relative (dis)advantage. Some participants refer to their own advantage with British self-mocking humour. For instance, the financial executive, who explained his income of a few hundred thousand pounds is "low" in his firm, adds the following:

> I am one of the very few people in the UK I am sure who hasn't had a pay increase for eight years [laughs] but nobody is crying any tears for me! [hahahaha! laughs more] (Interview transcript 6).

Hence, participants are clearly aware of their relative (dis)advantage. Relative (dis)advantage is experienced not only in regard to income, but also with respect to wealth. The importance of wealth relative to income (Piketty, 2014. p. 192) is often left unaddressed in social science studies on economic inequality, but is intuitive for participants. For instance, a senior banker employed by a prestigious investment bank compares himself with the parents of the other children in his children's school. During the interview, while we sip tea in a café near his workplace, it is evident that he is very interested in reflecting on the skewed nature of the economic inequality which surrounds him; he repeatedly refers to vast differences in wealth among the rich in London as “intriguing” or alternatively as “terrifying”. The participant is somewhat aware of his own advantage; he knows that his income, which is close to one million pounds, means he is “fairly well off” and that he has benefited from the increases in asset prices. However, he is acutely aware of his relative disadvantage comparing his economic position to others’ “differentiating” wealth. The investment banker explains his perspective as follows:

> 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] (Interview transcript 1).

His experience of relative (dis)advantage illustrates the importance of wealth for richness, the theme of the next chapter. Further, he draws a clear distinction between income and wealth, a distinction which will be discussed in *Chapter 8*. His narrative is also similar to Irwin’s (2015, p. 12) research finding that participants “often revealed awareness of their situatedness in respect of the wider social context, whilst […] providing a more detailed account of their proximate circumstances and immediate concerns”. While participants are aware that they are advantaged in the wider social context, what predominantly matters to them in their daily lives, in an environment with vast absolute income and wealth differences, are social relationships and social comparisons with others at the top. For instance, the investment banker, by sending his children to a private school in a prestigious area in London, is required to go out for dinner with the other rich parents. He explains that even though he earns well…

> … spending £300 on dinner is a big ticket item, but by definition these guys [who have £100 million in assets] will go to the nicest restaurants, and £300 is… they do not even... they do it like I buy a Starbucks coffee, but I appreciate that someone on £40 thousand thinks about it, they think about buying a Starbucks coffee like I think about buying a £300 meal... but there is a level beyond that, which is like, just do what you want really… which is intriguing (Interview transcript 1).

Like other participants, he compares himself to socially close others, who are vastly more advantaged in economic terms, while at the same time acknowledging that he is comparatively advantaged. In crucial contrast to Irwin's (2015) study, the top income earners in my study often and vividly referred to spontaneous comparisons with socially or geographically distant 'others'. These include predominantly entrepreneurs, billionaires and philanthropists, other top earners, successful sports people and other celebrities, people on the rich list and individuals with valuable London property. It is possible that respondents draw upon social comparisons beyond their immediate circumstances and experiences in order to make sense of their own position in an unequal and hierarchical society in which they are situated at the top end.

For instance, a successful senior executive in a large financial company (gross annual income group £5-50m) chooses to present his wealth in a "modest" way and himself as "ordinary" (Miles et al., 2011) by highlighting his disadvantage compared to Bill Gates, whom he greatly admires. In response to the question how high his net worth is he explains:

> I am not poor, I am not... I would be in the category who people would regard as having high net worth but I would not put a figure on it, I think that's a private matter […] Yeah, I am not full of myself, I am up the top end, but I'm not Bill Gates (laughs)… nor anything close to it (Interview transcript 4).

The narrative demonstrates that the finance executive is clearly aware of his advantage, but prefers to highlight his relative disadvantage compared to the richest individual in the world. Entrepreneurs are greatly admired by participants, as I will now discuss.

Entrepreneurs as those in the 'top' group of society

Those who are viewed as in the 'top' group of society are generally entrepreneurs who have achieved extreme wealth. Entrepreneurs, including philanthropists and billionaires who derive their wealth from entrepreneurial activity, are the single most mentioned answer category and the most common economically upward social comparison, although other top earners and successful sports stars are mentioned as well. Many respondents refer to entrepreneurs (n=11), billionaires, philanthropists or oligarchs (n=4) as people who do better than themselves while there are limited references to the 'upper class' or the aristocracy (n=4) (see Savage, 2015c). Named entrepreneurs include Warren Buffet, Richard Branson, James Dyson, Mark Zuckerberg, Larry Ellison, Bernie Ecclestone, Steve Jobs and, most prevalently, Bill Gates, who is praised for his philanthropic efforts[109] (McGoey, 2012). Notably, almost all of the admiringly referred to entrepreneurs are Anglo-Saxon white males[110]. Exceptions are female entrepreneurs who are in direct competition with the entrepreneurs in the sample. As I have argued in *Chapter 5*, it is individuals with intersectional privilege who are viewed as economically valuable.

The finding that participants employ economic criteria of evaluation and justify worthiness in market terms (discussed in *Chapter 4*) explains why entrepreneurs are narrated as the most valuable actors (Hall and Lamont, 2013). As I have argued, many participants see the distribution of economic resources as reflecting social contribution (as in marginal productivity theory; McGoey, 2017; Stiglitz, 2015a). Hence, entrepreneurs are greatly admired, not simply for their vast wealth, but for their social contribution. The following quotes by a former senior investment bank executive and two fund managers respectively highlight this finding:

- I certainly admire people who built things from scratch and create something, it's great […] I've got no issues with people making a lot of money, I'm all in favour of that, it's great, as long as you are creating wealth, creating jobs, I think that's great, but I object to some of the practices paid out to people who are not doing that (Interview transcript 13).

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[109] Participants also mention the Candy brothers, the Waltons and various hedge fund managers.
[110] The same applies to the sports stars mentioned.

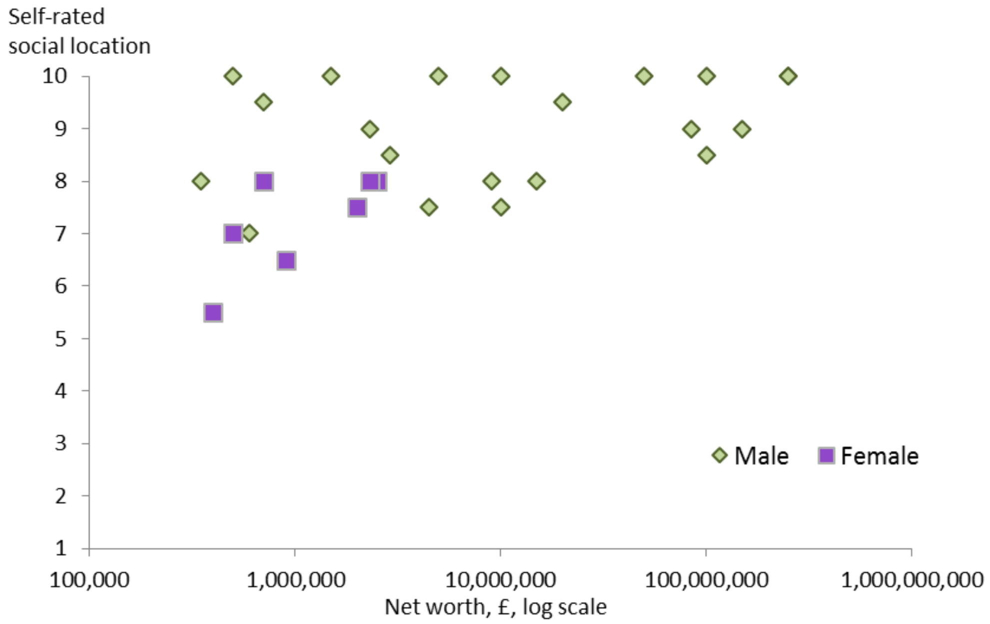
- I wish I could have been an entrepreneur […] I think every society needs entrepreneurs because the benefit for the society is so huge, and you need to have that. Whether it is a Facebook or a Google whatever it is [...] you need people to wake up and have these amazing ideas (Interview transcript 10).
- [My former colleague] who runs [a hedge fund]. He's a brilliant, brilliant man. And he's built a business from scratch... and he's had intellectual capital and now according to the Sunday Times Rich list he's got gazillions, whatever it is and I think that's right […] it's just hard work and intellectual capital; monetized and good for him [...] fantastic... so […] you absolutely mustn't think that I am saying everyone who's made some money is some kind of crook, I'm just saying that there's a lot of people in finance who have done excessively well at other people's expense (Interview transcript 8).

Entrepreneurs are greatly admired, and their excessive income and wealth is generally seen in a positive light. Their economic rewards are viewed as reflecting their contribution. Further, entrepreneurial efforts are often juxtaposed with top incomes by financial intermediaries or CEOs; whose incomes are not necessarily seen as deserving. I address this moral distinction in *Chapter 8*. The admiration for entrepreneurs helps to contextualize the finding that there are outliers at the top who experience little relative disadvantage; namely entrepreneurs with extremely high incomes. Next, I will discuss this and other variation in the sample.

Variation in the sample: Differences by wealth, income, gender and evaluative metrics

There is a weak positive relationship between participants' gross annual income or net worth, and their subjective social location. This is unsurprising given that many participants evaluate worth in economic terms. There is less variability among those with wealth of approximately £3m and up compared to all others; those with highest wealth are more likely to self-rate as being part of the 'top' group of society (Figure 6.2). There is also less variability in subjective social location between those with incomes over £5m compared to all others (Figure 5.1, *Chapter 5*).

Figure 6.2 Subjective social location of participants by net worth (log scale)



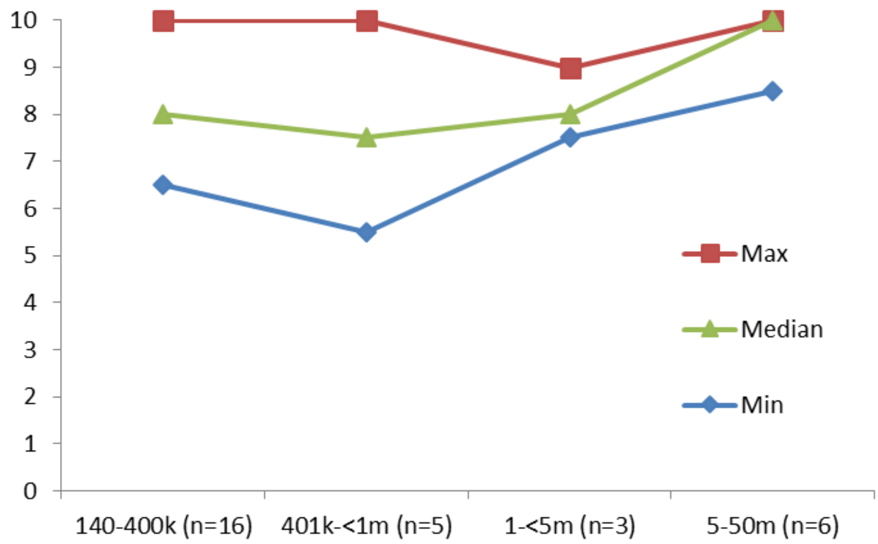
On average, female respondents assign themselves a lower rank in the hierarchy, their median answer is 8 compared to 9 for males. Women also have lower gross annual income and lower wealth than male respondents, but women rate themselves lower than men with comparable income or wealth. The gender difference in the interview study is much larger than that observed by Evans and Kelley (2004) who found that males place themselves approximately 0.17 points higher than women, although my sample is certainly not representative of individuals in the top 1 percent. As I have argued, (self-) evaluation is gendered, indicating that this finding may be related to the patriarchal character of 'elite' environments (Glucksberg, 2016a). Likewise, the qualitative data shows that there are slight differences in the social comparisons upon which men and women draw; women are more likely to engage in upward social comparisons with nobility, actresses and pop stars, whereas men are more likely to compare themselves with white male footballers, other sports stars and their friends. However, all participants draw on social comparisons with entrepreneurs. There are 7 participants, whose narratives do not include references to relative disadvantage. The vast majority of these participants are social evaluators (6/7) who stress their comparative advantage to the general population.

Variation in the sample: Outliers at the top

Most research participants expressed feelings of relative disadvantage; however, those with incomes in the very top category (£5-50 million) are acutely aware of their advantage and engage in few upward comparisons of an economic nature. Economically successful entrepreneurs or fund managers in the finance industry with extremely high gross annual incomes of £5m and higher (n=6) are generally aware that they are at the very top end of the spectrum. However, one participant in this category claims that he is a 7 to himself, but a 10 to the [person] on the street, and another explains that his multi-million pound income is "high but not super high" compared to other hedge fund managers in his field.

The survey findings demonstrate that only among those with extremely high annual incomes, the median response to where they view themselves in society is '10' (Figure 6.3). There is more variability in subjective social location among the other income groups. Hence, there are clear outlier effects at the top (see Savage, 2014). The six participants with income in the highest category are all male, bar one exception white, and with the exception of one fund manager, entrepreneurs. As discussed, entrepreneurs are admired by participants; so it may not be surprising that this group view themselves as at the top of society.

Figure 6.3 Subjective social location of participants by gross annual income



Note: Data from the survey of research participants. Please note that a participant with income £5-50m whose subjective social location is plotted as 8.5 mentioned that he is a 7 to himself, but a 10 to the [person] on the street.

Therefore, in my interview sample, income is related to subjective social location. As discussed in *Chapter 3*, there are outlier effects in the GBCS, whereby respondents' probability of self-identifying as 'upper middle' or 'upper class' increases dramatically with higher household incomes after taxes. This implies that a more granular analysis at the top, beyond decile groups, which are usually the focus of research, might be fruitful.

The vast absolute differences at the top of the distributions therefore matter for analyses of subjective social class and self-perceived social location. Those with extremely high incomes are aware that they are advantaged, more so than those with very high incomes. Participants' assessments of their subjective social location illustrate that many of the finance entrepreneurs and hedge fund managers with extremely high incomes do not experience relative disadvantage. Asked about their subjective social location, and who is doing better than them they answer:

- Yeah, well, I mean I'd be in the top 1 percent, of whatever basically (Interview transcript 15).
- Of course, if you're talking about income, or wealth in particular, I'm obviously at the top of that (Interview transcript 16).
- I think I am right on the right-hand tail... the only data point I've got is, as you're probably aware, I'm in the Sunday Times Rich list (Interview transcript 17).

In an environment with vast economic differences, only those situated at the very right-hand tail, confidently assert that they are at the top. A fund manager, who is a social evaluator and the only non-entrepreneur among those with extremely high incomes, acknowledges that his own income is very high. He questions his high earnings by drawing on a social, rather than economic, upward social comparison. Assessing his own subjective social location, he explains:

> Yeah well okay I'd well [Laughs] okay I… I'd put a one [the top group] but with a very strong proviso that I'd expect there to be a huge number of people in that group. Who would be people who would be looking after say relatives, or something like that or handicapped children in terms of how well I'm rewarded for what I do; I'm extremely well rewarded for what I do. So whereas they're not rewarded for what they do. So if you do it on a reward thing, relative to what I do, I'd probably be at the bottom of the pile because I'm excessively rewarded for what I do (Interview transcript 21).

Like this fund manager, half of the participants with extreme incomes (£5-50m) are social evaluators. Asked whether there is anyone else doing better than themselves and their family, these social evaluators explain that they do not know of anyone who does:

- Well that's impossible, as I say I mean it's the universe I inhabit is a really strange universe, so yeah there's a few hundred people like me in London, I suppose but I don't know any of them and I don't speak to any other hedge fund managers, so I don't know, basically is the answer. I don't know, never really occurred to me to be honest (Interview transcript 15).
- Not really no. Not financially (Interview transcript 21).
- No, I don't care less… couldn't care less, no (Interview transcript 16).

While these social evaluators do not engage in any upward social comparisons, a hedge fund manager on the Sunday Times Rich list states that it is not just economic power which is important for being in the 'top' group of society, but that political influence is also important by drawing on an 'upward' comparison to those who he perceives as politically powerful. While he acknowledges his economic advantage, he argues that "on the metric of political influence" he ranks in the middle, and not at the top. As I will address, participants generally do not view the experience of disadvantage as concerning; in line with this finding the hedge fund manager explains that he is "intensely relaxed" about his disadvantage compared to other politically powerful individuals, reminiscent of Peter Mandelson's New Labourite assertion that he is "intensely relaxed about people getting filthy rich as long as they pay their taxes" (Joyce and Sibieta, 2013). However, social evaluators with extremely high incomes generally do not engage in economically upward social comparisons.

The economic evaluators among those with extreme incomes are more likely to draw on upward social comparisons. This group explain that they are relatively disadvantaged, and that they see this as an incentive or a driver to do better[111]. A hedge fund manager and another financial entrepreneur, explain that looking upward provides incentives, which encourages financial success. The financial entrepreneur, who I visited in his company, explains in response to my question about his subjective social

[111] With the exception of a hedge fund manager, who is an economic evaluator with extremely high income. He is clear that no-one is doing better than him, answering that he is feeling "great" about that, "proud, you know, I mean why wouldn't you feel good?" (Interview transcript 17).

location, that his answer will be very skewed. To himself, he explains, he is a 7, but to the [person] on the street he would be a 10. Further, the gap between 7 and 10 reflects where he is now and where he wants to be; it is about ambition. Therefore, he will never see himself as a 10, because there is always more to achieve. Explaining that the context of the interview is about money, he offered to provide some numbers. To him, he explains, 8s and 9s are people with £1 billion; and to be a 10 someone needs to hold over £10 billion. However, he asserts, once he has reached £10 billion, he will aspire to £20-30 billion, as "it is about driving forward" (written notes of Interview 24). This narrative highlights the competitiveness of evaluations of worth, and how participants aspire to be 'the best' (i.e. those 'creating' the most economic value). His comparative context, the world of his entrepreneur and philanthropic friends, is viewed as an aspiration to do better.

Similarly, a hedge fund manager explains that his multi-million pound income is "high but [..] not super high" compared to others in his field:

> If you take sheep farmers in Inverness I'd probably be pretty high. Probably the highest (Laughs!) […] But I'm not competing with a sheep farmer in Inverness and nor is he competing with me. And he likes his lifestyle, living on the Moors and looking at the beautiful weather every day and the shitty stones, and well he likes all that. I don't like that (laughs) (Interview transcript 18).

This narrative highlights that it is the social comparisons within his field which matter to him; comparisons with others whom he is in competition with, i.e. other entrepreneurs. These examples of economic evaluators demonstrate that even at the very top some participants experience relative (dis)advantage, and aspire to do better financially. As I will show, participants commonly view the experience of relative disadvantage as an aspiration to do better. However, most at the very top do not experience relative disadvantage. A couple of respondents in the highest income group, drawing on narratives relating to competitive markets, compare themselves with footballers and other sports stars to explain their advantage with the 'scarcity value' of their talent and their 'unique pricing power' (as discussed in *Chapter 4*). This is in line with the economic literature which explains increasing top incomes as resulting from skill-biased technological change which allows exceptionally educated and talented individuals to draw a superstar income (Mankiw, 2013). Hence, those at the very top of the economic distribution are the most talented, most valuable individuals.

Relative disadvantage as aspiration and driver

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. Participants' views demonstrate a moral imperative to achieve economic success (in the form of Weber's (2003 [1905]) *The Protestant Ethic and the Spirit of Capitalism*). This evaluative process is based on the culturally-shared idea that 'the market' is a neutral and fair judge of who is 'best'. The market is seen to determine who is 'best' based on who creates the highest financial value. It is through this process that upward social comparisons become a driver of inequality at the top, because those even further up the skewed distribution are viewed as having attained their position based on 'rational', market-based evaluations of merit (and therefore as deserving) (McCall et al., 2014; Lamont, 2012; Bourdieu, 1998).

As evaluations of worth are made in market terms, the magnitude of someone's net worth or someone's assets under management form a basis for social comparisons (Sweezy, 1964). For instance, when 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 (Interview transcript 23).

Hence, the amount of money under management forms the basis of comparison for this hedge fund manager. Further, this experience of relative disadvantage is portrayed in a positive light. In general, participants are keen to stress that they do not begrudge those who are doing better, in particular the entrepreneurs who are greatly admired. For instance, a financial professional explains:

> I don't feel bitter towards the people who are better off and obviously I am excluding myself in this one. Me, above me. I don't feel bitter that, that they're doing better out

> of it. Maybe I should be, I don't know but I don't, I don't feel really bothered by it (Interview transcript 7).

Similarly, the financial entrepreneur who aspires to owning £10 billion and expects that once he has achieved that he will aspire to £20-30 billion, explains that he intentionally makes friends with people who are incredibly wealthy, compared to whom he is relatively disadvantaged, because he sees these relationships as an incentive to accumulate more. He explained that one cannot choose their family but can choose their friends. This application of the market logic means that unequal outcomes among friends are seen as an aspiration to do better.

Often when upward comparisons are made and disadvantage is expressed during the interviews, this is seen as something to aspire to, a motivator based on admiration for entrepreneurs who have taken risk and created wealth and jobs. As I will show in the next chapter, this discourse is in contrast to the discourse of 'elite struggle', whereby participants complain about the vast and increasing house prices in London and the cost of private schooling.

The positive discourse surrounding personal disadvantage as a result of inequality at the top 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. Therefore, the inequality which participants perceive around them is generally not seen as concerning. As a result, participants do not portray their relatively disadvantaged position due to the skew at the top as concerning, because they see themselves as able to move and climb the hierarchy. 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 competing and masculine 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 (Interview transcript 1).

Due to the cultural process of economic evaluation, relative disadvantage was not bemoaned but considered a positive driver do better economically, and as something to reach towards. For instance, an investment banker who mentions higher earners as those who do better than him explains that those in the top groups, who are a '9' or '10' are "aspiration and that's probably my inherent work ethic" (Interview transcript 14). However, some participants, even when they themselves do not express feelings of relative disadvantage, explain how others experience relative disadvantage, stressing that comparisons at the top have gotten out of hand, and that there has been a ratcheting up at the top:

> I don't think you want to penalize entrepreneurialism but I think what's wrong is when people are paying themselves using comparators… you're a CEO of a company now and everyone just looks [at] the top one hundred CEO levels, everyone says they want to be in the top quartile and so there's been a ratcheting up over the last twenty years, which has got nothing to do with how well that company's performed (Interview transcript 21).

This idea that top-end social comparisons result in a race to the top has been demonstrated by DiPrete et al. (2010) who argue that executive pay has increased due to 'leap-frogging' at the top, which results in an increase in inequality. The fund manager, who believes that if there were more women in top positions there would be less focus on "money, money, money" explains that [stock] options, "*the* favoured fashionable way of remunerating" senior management, posed no downside risk and allowed "these guys" to make an "awful lot of money short term" which...

> ... has developed and fuelled a culture... so basically other people have come in behind it and gone, *Well, he got this. He was paid five million a year. I want to be paid five million a year because if I don't get paid five million a year, it's implying that I'm not as good as he was* [...] *I'm ever better so I must be paid more.* Instead of going *no-no-no-no, it's not just about pay*. It should be about your achievements for the company […] But no, it's become, *How am I recognized for all my hard work?* It's because... *That's how I'm paid.* And I think that culture [of almost competitive salaries, getting bigger and bigger and bigger] needs to sort of step back a bit (Interview transcript 22).

This competition at the top is narrated as particularly salient in London by a senior executive at a hedge fund:

> There's something about being in London that makes people a bit more, that increases the desire to be wealthy; I think when you're surrounded by it. Maybe it's a bit more competitive or something (Interview transcript 28).

Relative disadvantage and inequality at the top is hence viewed by many participants as an incentive and motivator to do better competitively, as those at the top of the income and wealth distributions are evaluated as the best.

Conclusion

In this chapter, I have argued that the skews at the top of the distributions, i.e. the vast differences in income and wealth within the top 1 percent, are important for understanding the perspective of top income earners. Participants are aware of broader societal inequalities, but are particularly conscious of vast differences at the top end of the distribution. They engage in economically wide-ranging social comparisons, to both socially close and distant others (including colleagues, friends and family, but also entrepreneurs, philanthropists and celebrities). Consequently, they experience what I term relative disadvantage, based on Runciman's (1966) concept of relative deprivation. Participants narrate this relative disadvantage as important in their daily lives, while acknowledging their advantage compared to the general population. Hence, their experience of inequality combines these disparate perspectives and is one of relative (dis)advantage.

While my data shows that participants draw on social comparisons with socially close others (Runciman, 1966; Irwin, 2015), these comparisons may nevertheless be wide ranging in economic terms. In further contrast to Runciman's (1966) and Irwin's (2015) study, participants also draw on economically wide-ranging social comparisons with distant others[112]. Runciman's investigation into income satisfaction found that respondents used a narrow range of social comparisons because they compared themselves to others in similar situations. As a result, respondents experienced little relative deprivation and were unaware of the extent of the income range or inequality more generally (Rose, 2006). Hence, Runciman (1966) argued that his findings explained why inequality is tolerated and sustained. In contrast, I find that due to the

[112] My findings are also in sharp contrast to research on disadvantaged communities by Mckenzie (2015) and Shildrick and MacDonald (2013) whose analysis points to close points of social comparison.

experience of relative disadvantage at the top, participants appreciate and even overestimate inequality. However, this heightened awareness of inequality at the top does not necessarily translate into vast concern about levels of inequality, as I will discuss in *Chapter 8*.

There is variation in the data. Those with extremely high incomes (£5-50m) experience little relative disadvantage even though some of the richest individuals, employing economic evaluative criteria, see their own wealth as relatively disadvantaged and aspire to accumulate more. Within the group of incomes below £5m, a 'knowing' display of significant economic advantage as being distant from one's own position was frequent, though this was mediated by an awareness of their comparative advantage in the wider context of the general population. So, there is 'upward looking' but also recognition of their advantaged social position. The few participants, who do not narrate some form of relative disadvantage, are almost all social evaluators (presumably because their evaluative metric is not exclusively economic).

Surprisingly, disadvantage resulting from upward comparisons is not seen as concerning, but instead is perceived as an incentive and aspiration to do better economically. Crucially, participants view themselves as able to move up the distribution by accumulating more (Khan, 2011). Economic evaluative criteria, which justify worth in market terms, based on the belief that market competition determines merit, mean that entrepreneurs are viewed as in 'the top' group of society. Hence, inequality is experienced from a position of relative disadvantage which generally values those with top incomes and wealth, the entrepreneurs, philanthropists and wealth creators, as people to aspire to. This finding helps to contextualize perceptions of inequality. Highlighting their relative disadvantage allows participants to frame their own incomes as comparatively low (Sherman, 2017). Further, relative (dis)advantage explains why participants' perceptions of high incomes and richness are skewed (as I will discuss in the following chapter), and why they overestimate the levels of economic inequality (*Chapter 8*).

Chapter 7 Perceptions of high incomes and richness

Introduction

In the previous chapter, I have argued that it is precisely the skew at the top of the distributions and the social comparisons which individuals make (i.e. how they see themselves relatively to others), which is important for understanding how those with top incomes and/or wealth perceive their subjective social location in an unequal society, and by implication, economic inequality. In this chapter, I will explore what a high income means to participants and how much net worth they view as being required for a family to be considered as being rich in the UK. Hence, richness in this chapter is defined by wealth[113] rather than income (Keister, 2014). High incomes and richness are narrated as 'relative'; specifically, compared to others at the top instead of the general population.

Perceptions of high incomes and richness are highly skewed towards the right tail of the distributions as a result of participants' relatively (dis)advantaged position. Consequently, many participants do not view themselves as earning high incomes or as being rich (cf. Toynbee and Walker, 2008), apart from those with extremely high incomes and wealth. Like their views on subjective social location, participants' views towards high incomes and richness are skewed due to social comparisons. Participants' insistence that high incomes and richness are 'relative' concepts, is contextualised by a key theme which emerged from the interview data, which I term 'elite accumulatory struggle' (Skeggs, 2004a; Savage, 2015a).

The theme of 'elite accumulatory struggle' includes narratives of the difficulty of buying large family homes in central London due to the high property prices, in particular in participants' preferred areas of North, and even more so, West London (Cunningham and Savage, 2015). Here, younger participants refer to age related differences in housing wealth by drawing on social comparisons with others who have bought their London homes, 5, 10 or 25 years ago (Hills et al., 2015). The second narrative corresponding to the theme of elite accumulatory struggle includes participants' concerns over paying for private education for their children, and sometimes for their imagined future children, which is seen as a necessity. A further emergent theme, which can be seen as the counterpart of the 'struggle' to accumulate

[113] The wealth data refers to non-pension wealth (Hills et al., 2015).

capitals, is the idea of high income or richness as freedom and absence from worry. Hence, many participants define richness as generating income without having to work; as freedom from worries about accumulation and the strains of the labour market. Hence the rich are those who have achieved individual 'decommodification' (Esping-Andersen, 1990).

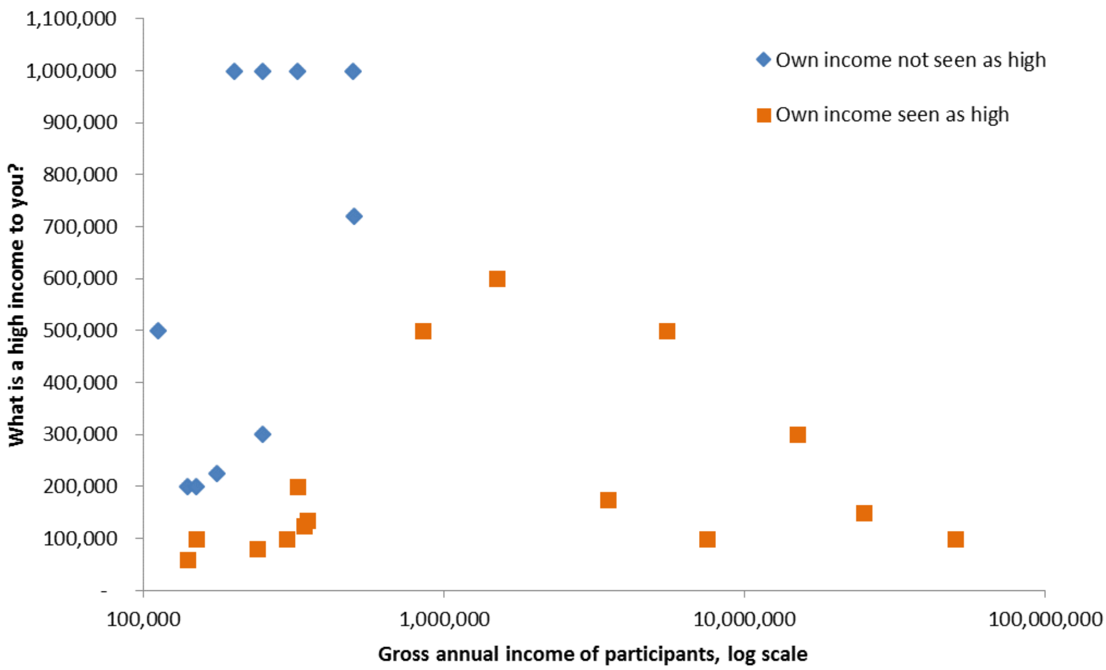
I firstly discuss the survey results including participants' views on high incomes and richness, and their estimates of the median income and the threshold for the top 1 percent. I then discuss participants' perceptions of high incomes and richness as 'relative' concepts, referring to my qualitative interview findings. Income and wealth are often addressed jointly and as interrelated in interview narratives, perhaps because it is the combination of the two which contributes to the resources which people have at their disposal (Townsend, 1979). For instance, "a substantial part of income [by owner-occupiers] is not paid in rent and so, if there is no mortgage, is released for other forms of consumption" (Ibid., p. 338). Further, as there is much overlap between the themes which emerged regarding what a high income and what a rich family mean to participants, I will present the findings of these different concepts jointly. I then address how 'elite accumulatory struggle' can contextualize participants' skewed perceptions and the idea of richness as 'freedom' from worrying about accumulation and the strains of the labour market. Building on these interview findings and Atkinson's (2006) definition of the 'rich' as those who are decommodified, I propose a relative definition of richness at the end of this chapter.

Interview survey findings: Attitudes towards high incomes and richness

The survey data collected during my interviews shows that participants' views on high incomes and richness are skewed, and very different from the actual distribution of incomes and wealth among the general population. Participants' numeric answers to what a high income is to them were extremely high, with a median answer of £200k and an average answer of £721k (cf. Toynbee and Walker, 2008). This compares to BSA data on the general population (from 2009, cited in Rowlingson et al., 2012) which shows that the average response to what constitutes a high income was £41k (and £48k by those with highest household incomes of £44k and higher). On average, participants' answers to what constitutes a high income are lower than their actual incomes; the median income among participants is £346k and the average income is £4.2m.

The median response in my sample to how much net worth a family needs to be rich in the UK was £3m, and the average response was £9.4m. In comparison, the median net worth among respondents is £2.9m and the average net worth is £37m. Like the distributions of actual incomes and net worth of participants, the distributions of the perceptions of high incomes and richness are right skewed. However, there is more variation among participants' financial positions, than among their views[114]. Nevertheless, there is a lot of variation in numeric answers to the question regarding what constitutes a *high income* (Figure 7.1).

Figure 7.1 Participants' income and perceptions of a high income



Note: This graph excludes data for one outlier who stated a high income is at least £10m. There is also missing data because not all respondents indicated a number; some preferred to give a qualitative answer only (n=4).

[114] While the standard deviation of participants' incomes is £10.2m, the standard deviation of responses to what a high income is, is £1.9m. Further, while the standard deviation of participants' net worth is £70.3m, this falls to £17.3m for responses to the question of what it means to be a rich family in the UK.

There are only two participants who indicate a figure below £100k. On the other hand, one participant, whose answer is an outlier and therefore excluded from the graph, indicated that his personal understanding of a high income is 8 or 9 figures (greater than £10m). Hence, the answers range from £60k to greater than £10m. There is no correlation between participants' own incomes and their views on what a high income is (Figure 7.1).

Comparing participants' own numeric assessments of what counts as high income to their gross annual income, shows that only about half of the sample have high incomes according to their own definition (Figure 7.1). Specifically, excluding missing data for 3 participants, there are 16 participants whose own income is high according to their own definition, and 11 whose income is not high. Even though all participants have incomes within the top 1 percent of the distribution, only those with incomes higher than £1m consistently view their own income as high (with the exception of the outlier). This mirrors the finding discussed earlier, that only those with extremely high incomes consistently position themselves as part of the top group in society. Of those with incomes between £5-50m, almost all (5/6) have a high income according to their definition. These findings compare to data on the general population which showed that in 2009, only 4 percent consider themselves to be earning a high income (Rowlingson et al., 2012). Hence, those in the top 1 percent are much more likely to indicate that their income is high compared to the general population (their income is also much higher).

There are vast differences in views of high incomes between participants, in particular between social and economic evaluators. The latter indicated much higher figures on average (Table 7.1). Due to an outlier, I focus on the median; data for the average responses are provided for illustrative purposes. These results need to be interpreted very cautiously due to the small sample size, and the non-random nature of the sample. In regard to participants' age, those in the oldest age group who are in their 50s and 60s provided the highest median response, £332k, which is about 70 percent higher than those in the youngest age group who are in their 20s and 30s. Further, the median response to what a high income constitutes is approximately twice as high among females, although the average is higher among male participants (due to the outlier). Participants, who indicate they have not been socially mobile, provided a median response which is almost 2.5 times higher than the socially mobile. Additionally, those with incomes in the middle bracket (£401k-5m) provide the highest median answer to what a high income is to them (£600k). Their answer is about three times as high as those in the lowest and highest income group[115]. The largest difference is between economic and social evaluators; the former's median response, £500k, is five times as high as the median response of social evaluators.

Table 7.1 Perceptions of high incomes

What is a high income?			
Income group	**n**	**Average**	**Median**
140-400k	16	332,813	200,000
401k-5m	5	599,130	600,000
5-50m	6	1,858,333	225,000
Gender			
Female	8	535,081	460,325
Male	19	799,474	200,000
Evaluation type			
Social evaluators	10	216,500	100,000
Economic evaluators	17	1,017,979	500,000
Age Group			
20s and 30s	13	1,132,358	200,000
40s	7	346,429	225,000
50s and 60s	7	332,143	332,143
Self-identified Social Mobility			
Socially Mobile	17	887,979	200,000
Socially Stable	9	466,667	500,000
All answers	27	721,135	200,000

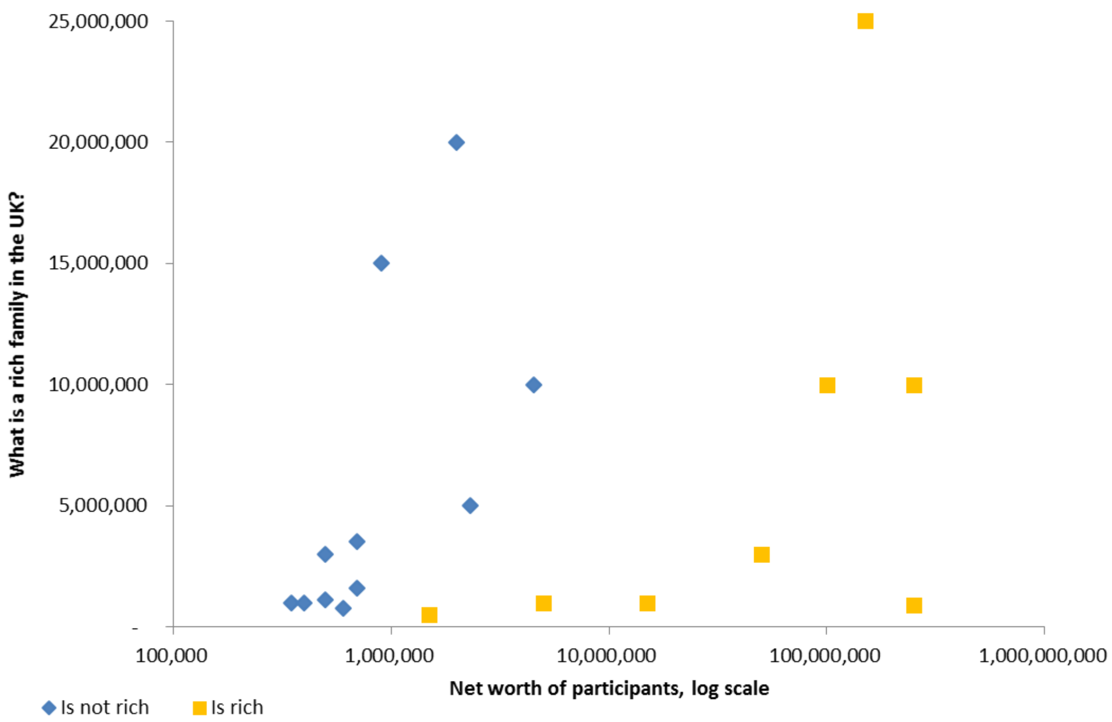
Note: 3 respondents did not provide a number but only a qualitative answer. There is missing data for social mobility for one participant. Another mentioned that US$1m is a high income.

In regard to quantifying what it means to be a *rich family* in the UK, some respondents stated that it is not about a number but a lifestyle people *choose*. As

[115] This finding is somewhat different from a Gallup poll which showed that in the US in 2003 the median answer to what amount of household income is required to be rich increased with respondents' household income (van Treeck, 2014). Specifically, for those with incomes <$30k, the dollar amount required for a household to be rich was US$74k, for those with incomes US$30K–50k it was US$100k and for those with incomes US$50k and higher it was US$200k.

discussed, of the 19 respondents who estimate how much net worth a family needs to be rich in the UK, the median response is £3m and the average response is close to £10m. Hence, participants' numeric answers of how much net worth a family requires are very high. The answers range from £750k to £75m. Comparing participants' responses of what rich means to them with their actual personal net worth shows that there is a threshold of approximately £5m, over which participants see themselves as rich according to their own definitions. There are even fewer participants who perceive themselves as rich than view their incomes as high (n=8[116]). There is a weak positive relationship between respondents' net worth and views on the net worth of a rich family, with a correlation coefficient of 0.23 (Figure 7.2).

Figure 7.2 Participants' net worth and perceptions of a rich family



Note: This graph excludes data for one outlier who indicated that a rich family is worth £75m.

Again, there are vast differences between social and economic evaluators (Table 7.2). Economic evaluators are less likely than social evaluators to put a figure on what a rich family means to them, and the median response among those who do respond is £10m,

[116] Missing data n=9, hence 13 participants do not view themselves as rich.

which is 9 times higher than the median response of the social evaluators (£1.1m). However, the sample is very small. There is hardly any difference between male and female participants and the socially mobile groups' median response (net worth of £3m) is 50 percent higher than the median answer of those who indicate that they were not socially mobile. In regard to participants' age, those in the youngest and oldest age groups provided the highest median response (£3.3m and £3m) compared to the middle-aged group who views a rich family as one with assets of approximately £1m. There is a strong positive economic gradient in views. Specifically, participants in the lowest wealth group (below £1.4m) provide the lowest median answer to what a rich family is to them (approximately £1.4m). Those with wealth in the middle group (£1.4-49m) provide a median response of £3m while those with wealth in the highest bracket (£50-250m) provide the extreme answer of £10m. In contrast to the finding regarding high incomes, there is a positive relationship between participants' wealth group and their views on what net worth is necessary for a family to be considered rich in the UK.

Table 7.2 Perceptions of a rich family

What is a rich family in the UK?			
Wealth group	**n**	Average	**Median**
below 1.4 million	8	3,368,750	1,350,000
1.4-49 million	6	6,250,000	3,000,000
50-250 million	6	20,645,833	10,000,000
Gender			
Female	5	8,120,000	3,500,000
Male	15	9,848,333	3,000,000
Evaluation type			
Social evaluators	9	2,480,556	1,100,000
Economic evaluators	11	15,090,909	10,000,000
Age Group			
20s and 30s	10	12,560,000	3,250,000
40s	5	4,545,000	1,100,000
50s and 60s	5	8,000,000	3,000,000
Self-identified Social Mobility			
Socially Mobile	13	10,198,077	3,000,000
Socially Stable	6	5,125,000	2,000,000
All answers	20	9,416,250	3,000,000

Note: There is missing data because not all respondents indicated a number (n=10).

Hence, compared to the incomes and wealth of the general population, the views of participants of what constitutes high incomes and a rich family are extremely high. Therefore, a majority of participants do not consider themselves as being rich, and only about half view their own income to be high. There are vast differences according to participants' preferred evaluative metrics, with economic evaluators indicating much higher figures for what a high income, and a rich family means to them, than do social evaluators.

Interview survey findings: Participants' estimates of the median income and the 1 percent threshold

Participants overestimate both the median earnings of someone working full-time and the cut-off for the top 1 percent of the income distribution. According to data from the Office for National Statistics based on the Annual Survey of Hours and Earnings (ASHE), the median full-time gross annual earnings was £27,215 in 2014[117]. The average response to the question regarding what the median earnings of those working full time in the UK was £37k (median response £30k), hence on average participants overestimated this statistic by approximately 37 percent (and the median participant overestimated the measure by 10 percent).

At the same time, participants highly overestimate the threshold for the top 1 percent of income earners. The average response to the question regarding how much an individual working full time needs to earn to get into the top 1 percent of the distribution was £368k and the median response was £200k. Hence, on average participants overestimated the income threshold for the top 1 percent (which in 2012/13[118] was £150k) by almost 150 percent. Specifically, the average response regarding the income threshold for the top 1 percent was in the ballpark of the actual income threshold for the top 0.1 percent (which in 2012 was £403k according to the WWID by Alvaredo et al., 2016). However, the median response overestimated the threshold only by approximately one-third.

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[117] In 2015, the statistic was £27,615 (very similar to 2014). I chose to use 2014 for comparison because I conducted my fieldwork between May 2015 and March 2016 so the 2014 data would have been the most recently available (on average).

[118] I chose data from the 2012-13 tax year as these would have been the most recently available (approximately). SPI data covers individuals who have some liability to income tax (rather than those working full time, as in the question I asked participants).

Some participants are aware that their perceptions are skewed or “out of touch” (n=5) often with reference to the City of London, similarly to Sherman’s (2017) wealthy New Yorkers. A hedge fund manager for instance cannot believe that the top 1 percent threshold is as “low” as I told him, adding that it is “shocking” that he views it as low. Further, a financial manager (annual income between £140-400k) 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” (Interview transcript 7). 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). A senior executive, who was annoyed that he forgot what the median was, explains that he was told this figure at a breakfast with Financial Times correspondents just before the general election. He remembers though that the figure was “just way below what anybody would have expected” (Interview transcript 6). Participants also underestimated where their own income lies on the income distribution. Hence, similarly to Bamfield and Horton’s (2009) focus group respondents, my participants thought that high salaries were much more common than they are. As a result, participants generally overestimate economic inequality as measured by top income and wealth shares (as I will discuss in *Chapter 8*).

High incomes and richness as ‘relative’ concepts

Generally, *what is a high income?* was a difficult question for the interviewees. Often, respondents explained firstly that it is a tricky question, laughed briefly or nervously or asked for clarification (n=11). Then, participants explained what a high income means to them, stressing that a high income is relative (n=20), dependent on the living cost in London (n=8), someone’s life stage, geographic location, the people with whom they “mix with” and what people “choose” to aspire to. Similarly, participants explained that it is difficult to say what a rich family is or even that it is a “silly” or alternatively “interesting” question (n=9) before explaining that a rich family is relative (n=12) and context dependent, specifically whether a family lives in London and owns property (n=11). Participants stress that it is about keeping up with your circle, and who you “choose” to be your point of comparison. Many explain that their points of reference, be it co-workers, clients, friends or named entrepreneurs, affect their views. These social comparisons mean that many participants do not consider themselves as rich or as having a high income.

For some, high income refers to a number necessary to sustain a certain "lifestyle", which includes most notably owning a large house in Central London and paying for their children's private education. For other participants, high income is "not a number" but an aspiration to work towards (n=6). Participants referring to the latter narrative insist that we should care about the fairness of the process through which top incomes are constituted, rather than on the fairness of the outcome, as discussed in *Chapter 4.* Likewise, some participants also view high incomes as a choice that people make, as a trade-off between having a high income career and a good work-life balance (n=6), and as hard work (n=3).

High incomes and richness are viewed as relative not based on comparisons with the general population, as in Townsend's (1979) authoritative conceptualization of relative poverty, but based on the lifestyle, income and assets of other rich individuals. A hedge fund manager and social evaluator (income group £5-50m) explains that defining a high income is difficult because:

> … obviously [it] **depends what you want**. You know, I come from a low income family [Note: middle class]. And so for me, I always get shocked with my colleagues, that some of them I would consider to be earning very high incomes, and they consider themselves to be not high income at all, because they have lifestyles, that mean they spend just ludicrous amounts of money on things that I would never consider spending money on. And so I think it very much depends **which kind of circles you are in** basically (Interview transcript 15, emphasis added).

Hence, high income is narrated as depending on a person's social network and their consumption choices. Similar to many other participants, he explains that the relativity of what a high income means to people is particularly pertinent in London:

> London, isn't the London it was 15 years ago […] because of the influx of international wealth, particularly from the Middle East, Russia, China, etcetera, there is now a real sort of; I would disparagingly say Eurotrash type sort of, milieu within London, where these are children or grandchildren of very, very rich families internationally who spend money like crazy. **And so, if you're a British person trying to compete with that, you do need, they perceive that a million pounds a year isn't really a lot of money**

> **because they have so many commitments to spend on basically**. And if they marry someone who is from that sort of social class, then a million pounds would see them bankrupt [...] because they'd spend that just on entertainment and stuff like that, but I'm not in that class so [...] that kind of thing wouldn't apply to me (Interview transcript 15, emphasis added).

Hence high incomes are explained to be relative to others' comparative reference groups who may lead an excessive, decadent lifestyle. Similarly, a financial entrepreneur (annual income bracket £401k-1m; net worth £5-49m) who is an economic evaluator explains:

> What is a rich family? Yeah, **richness is I think a sort of relative thing**, isn't it, to a large extent […] some people, who have got a lot more sort of wealth than I have, would not necessarily regard themselves as rich (Interview transcript 13, emphasis added).

In these narratives by entrepreneurs, it is others who are relatively disadvantaged and therefore have skewed perceptions of what it means to be rich and have a high income. However, many participants also conceptualize their own perspective in this way; high income is described as something to work towards. Reflecting on what a high income means to her, a barrister (income group £140-400k) and economic evaluator explains that high income depends on someone's life stage and who is their comparison group. For her, colleagues are a key point of reference. She highlights that her perception of high incomes increased over her career:

> So I do think that going forward your view of what a high income is does increase and certainly now […] I think I make a lot of money but I don't actually think my income's that high because I look at what other people around me make and they probably make a lot more so […] probably a million that's when I think okay you're really high income now, but I'm not there yet (Interview transcript 25).

High income is therefore viewed as something to aspire to, and as achievable. As discussed in *Chapter 6*, participants rarely begrudge those who they see as doing better economically. An exception is a financial advisor, also an economic evaluator, who articulates his frustration when explaining that a high income is relative:

> [There are] a few sort of layers […] a high income is probably half a million a year or something but that, then there's quite a lot of people like that and then there's; as soon as you cross a million it's a bit different and then if you cross ten million then you're in the… I heard someone say the other day that they needed 20 million a year to live on... right and you would [want to] throttle them (Interview transcript 8).

This narrative highlights that participants' perceptions of high incomes are skewed; according to the WWID (Alvaredo et al., 2016) there are few individuals (less than 0.1 percent[119]) who earn half a million pounds a year or more (in 2012).

Some participants are aware that the skew at the top of the distribution distorts their perceptions of high incomes and richness. The following narrative of a London-based barrister in her twenties (annual income group £140-400k) illustrates this:

> I don't perceive what I earn at the moment necessarily that high, like it's… I know it's good but it's not… it's very good compared to my contemporaries from school, but I don't perceive it as being super high […] Two hundred thousand a year is where you starting to look like a really high… but then my perception is a bit skewed because the kind of people that end up being my clients are like millionaires. I don't see what people in my chambers earn, which puts a lot of them in the 1 percent [as] really quite high earning because our clients are really quite high earning people. One of my clients […] he's being sued for over a million pounds and he says *I don't want to go all the way to a big trial because it's going to be stressful*, [he doesn't] want the hassle. He's like *can I just try and give them a hundred and fifty grand just to go away*? […] then your perception of what a really high earning person earns starts to get skewed (Interview transcript 27).

Therefore, the participant is aware that she is doing well compared to her peers from school but views her own income as not quite high compared to her wealthy clients. Her perspective of relative (dis)advantage means that her views of what high income and richness constitutes, is skewed towards the extreme right-hand tail of the distribution. Further, upward comparisons allow her to frame her income as not "necessarily that high" (Sherman, 2017a).

[119] The top 0.1 percent of those working full time were approximately 22,800 people in 2015.

Elite accumulatory struggle

A key theme in the data is 'elite accumulatory struggle', most notably expressed through the very high prices of London property and the private education market. The discourses in the data are reminiscent of Skeggs' (2003) conceptualization of the accumulative self, which increases its value through the acquisition of cultural, social, economic and symbolic capital (Bourdieu, 1986). These pursuits to accumulate, help to contextualize the finding that high incomes and richness are viewed as relative compared to others at the top. A finance professional and economic evaluator (income group £140-400k) discusses accumulatory "struggle" as important for explaining what a high income means to him:

> Probably £200,000 or £250,000 a year, something like that. […] I am thinking from the point of view of living in London, with house prices and mortgages, and particularly with children. If you want to send your children to private school, I think you have to think about what it costs and then add tax on top of that, to have anything left over it's gonna **be hard to struggle on, it's gonna be hard to exist on £100,000 or £150,000**. You know if, you're gonna have to make lifestyle choices […] beneath that (Interview transcript 8, emphasis added).

Expectations of capital accumulation, both cultural and economic, explain why participants' views of what it means to have a high income, or be a rich family, are skewed towards the right tail. I will discuss this 'struggle' for London property and private education in turn.

Elite accumulation: London property

Participants explain that high London property prices skew perceptions of what constitutes high incomes and rich families. The specificity of London, and in particular its high property prices, were referred to in every interview, even by the three participants who are located outside of London, similar to Sherman's (2017) findings in New York. London's vast living costs (n=8) as well as high house prices (n=5) are seen as affecting what it means to have a high income. Respectively, whether a family lives in London (n=12) or owns London property (n=11) is narrated as affecting whether they are rich. Hence, geographic location or London property prices are often referred to as key factors for why what a high income means to participants, or to other people like them, is relative.

The long run shift from agricultural land to urban property (Piketty, 2014, p. 115) provides an important clue for understanding contemporary 'elites' (Savage, 2014). Instead of being part of landed society, they are predominantly based in 'elite' urban centres such as London (Ibid.; Cunningham and Savage, 2015). Acknowledging that "income from capital becomes dominant at the level of the top 0.1 percent in 2007, as opposed to the top 1 percent in 1929" (Piketty, 2014, p. 302), I argue that for those with top incomes, rents from property ownership are important, in the form of owners' equivalent rent, returns on capital through a rental return and capital gains (Piketty, 2014; Glucksberg, 2016b; Fernandez et al., 2016).

The 'elite struggle' for prime London real estate is addressed by Glucksberg's (2016b) ethnographic work on 'super-gentrification' and 'displacement' in London's rich neighbourhoods. Glucksberg argues that the London housing crisis is accelerated by what is happening at the highest levels of the real estate market. She traces the involvement of different 'elites' in the housing market, including rental investments, capital storage (see also Fernandez et al., 2016), transnational family homes and intergenerational wealth transfers. Due to national and international wealth being poured into the London real estate market, some rich individuals including 'old' elite families can no longer afford to live in the areas they perceive as desirable. Consequently, they move to other areas, which in turn results in waves of gentrification and displacement further down the property market (Glucksberg, 2016b). In this process, elite actors' efforts to accumulate occur from a perspective of relative (dis)advantage.

In many instances, interviewees explain what a rich family means to them by narrating an image first, and then proceeding to calculate how much net worth such a family would need, illustrating that ideas of richness are not dependent on the general population but on the lifestyle of the rich. A senior executive in a financial firm for instance explains that property prices are a key mediating factor for what it means to be a rich family:

> It is such a hard question […] it all relates to property prices right. So if you are living in London and you have a four bed-roomed house in Central London, that's probably going to be in Zone 1, £10 million broadly (Interview transcript 26).

So participants' perceptions of richness fundamentally depend on property prices. We know that wealth is much more unequally distributed than income (Hills, 2013; Piketty, 2014), and that there is inequality within as well as between age groups. Changes in wealth between 2006-08 and 2010-12 have been to the detriment of younger households, while the wealth of older age groups has increased (Hills et al., 2015). Housing wealth is thus linked to age. While participants of all age groups refer to the importance of London property prices, it is the younger respondents who feel relatively (dis)advantaged about their position in the housing market. Indeed, younger age groups have seen their wealth[120] fall between 2006-08 and 2010-12, while those aged over 55 saw their wealth increase (Hills et al., 2015). However, inequalities in wealth are not simply a question of age-related differences which could be explained by life cycle savings patterns (Hills and Bastagli, 2013; Piketty, 2014, p. 21). There are vast wealth inequalities within different age groups as well as between; and inequalities in wealth between age groups have increased in the period after the financial crisis (Hills et al., 2015).

As I will show in *Chapter 8*, younger participants compare themselves to the previous generation, or others in their profession who are 5 or 10 years older, who unlike themselves were able to buy homes in desirable areas, for instance in St John's Wood. The following two quotes are by participants in their 30s, who like those in their 20s, see their own position as disadvantaged compared to those who have managed to "get on the property ladder" earlier and hence benefitted from the rise in housing prices. A London barrister, who exclaimed that my question regarding what it means to be a rich family in the UK is "silly", explains:

> No offence but in the UK it is a pointless question […] A family who is worth say five hundred thousand pounds in most parts of the UK is doing just fine. Someone who's worth five hundred thousand pounds in London, is not going to be exceptionally well off, they're going to be […] this may almost sound ridiculous to someone who doesn't have [that amount of money]… but what can that buy you? That can buy you a one and a half bedroom flat in [desirable area in London] which is a kind of mixed area […] there's gangs of teenagers from council estates on the street I live in so it's not Notting Hill or Hampstead. **But everyone sees this relatively** (Interview transcript 19, emphasis added).

[120] The wealth data refers to non-pension wealth (Hills et al., 2015).

A rich family is therefore seen as dependent on location, and house prices. Further, the narrative demonstrates that London is viewed as different from the rest of the UK (or even as not part of the UK). Mortgage payments are also narrated as affecting perceptions of what it means to have a high income. A senior financial executive explains that due to her mortgage payments on her London property, she does not perceive her own income as high:

> Yeah, this is the very interesting thing that I was thinking about when I agreed to do the research because **it is so subjective** isn't it? And I thought *god, really, really? Do I really count?* And then almost in my head, I think *god am I crazy to think I don't count?* It's really difficult. Given we are doing this anonymous, I earn about £0.5 million a year, […] I never feel that I've got very much money because I think as your income increases you take on, more stuff so I just got an enormous mortgage now that doesn't feel like I've got any, it doesn't feel like I am suddenly drowning in disposable income, it just feels like it all goes (Interview transcript 26, emphasis added).

While these narratives could be viewed as making excuses for being very well off, or as underplaying advantage to escape feelings of moral conflict (Sherman, 2017a), economic evaluators do not narrate high incomes or wealth as requiring justification. On the contrary, their relatively (dis)advantaged position, in a system in which those who are best get rewarded by a meritocratic market, simply means that they are doing well and aspire to do much better. In the same vein, participants seek to equip their children with the cultural and social capital necessary to succeed in this meritocratic market, and they see this struggle as a right and a necessity, rather than as something that warrants justification.

Elite accumulation: Private education

Private education, the second key emergent theme corresponding to 'elite accumulatory struggle', is seen as a necessity by most participants and as a key part of what it means to be a rich family in the UK. Private schooling is viewed as necessary for providing children with the best start in life. Research by Macmillan et al. (2015, p. 487) demonstrated "that privately educated graduates are a third more likely to enter into high-status occupations than state educated graduates from similarly affluent families and neighbourhoods, largely due to differences in educational attainment and university selection" and "although the use of networks cannot account for the private school advantage, they provide an additional advantage and this varies by the type of top occupation that the graduate enters". The interviewees of my study are convinced that private education provides advantages mainly due to the instilling of 'confidence', but also due to available networks. Considering private education as a necessity is explained as affecting participants' views of high incomes and richness. For instance, a barrister and economic evaluator (income group £140-400k; net worth group £1.4-5m) draws the following picture of a rich family in the UK:

> You need to have a big house, go on nice holidays, send your 2 or 3 kids to private school and have money left over to spend on frivolities like artwork or whatever, go to the theatre, going out to posh restaurants, indulging a habit like buying expensive wine … a really nice house in a nice area probably gonna cost you 3 million pounds I'd have thought, 3, 4 million pounds so I imagine, just 5 million quid you'd be a wealthy family with assets (Interview transcript 20).

Like many other participants, he imagines what a rich family is in qualitative terms, and then proceeds to calculate the net worth needed to facilitate a particular lifestyle. These calculations generally do not take into account the distribution of resources in the UK. For instance, an economic evaluator (income category £140-400k) whose children attend a private school asserts that politicians on the left do not recognize the struggle of the aspirational earners:

> When you are talking about the squeezed middle classes it's all very well, but for [former Labour Party leader] Ed Milliband what's rich is 50 thousand a year. Give me a break, 50 thousand isn't that much more than the median and how will you afford paying for two kids in a private school? […] It is crazy, it is completely misrepresenting people's aspirations. You are not driving Ferraris because you earn 50 thousand a year. […] and then you just go up one step on the aspirational spectrum, say I want private education, and it is a 150 [£150k]... and then you don't have to have three kids if you can't afford it... but anyway... and suddenly you're into your higher echelons and you are still not saving any money at the end of the year, you are not accumulating any capital you're just shovelling it out for education (Interview transcript 8).

This narrative highlights how 'elite accumulatory struggle' is removed from any consideration about the distribution of income among the general population. Another economic evaluator, in an uncommon attempt of considering the distribution of income, explains that three to four times average income seems to be a high income. This figure could be lower, if the state education system was "decent", they explained, but "if you got to start paying education fees and things like that a hundred thousand isn't very much" (Interview transcript 20). Often, participants raise concerns that the costs for private education have increased; explaining that prices range from £25-100k per child. The narratives surrounding 'struggles' for private education have been discussed, in a serious manner, in a 2015 Telegraph article[121] entitled "We earn £190k a year. Do we need to sell our flat to afford private school fees?". Hence, participants' extreme aspirations can explain their skewed perceptions of high incomes and richness. Having discussed aspirations towards accumulation, I will now discuss the counterpart narrative: aspirations for freedom from worrying about accumulation, and the idea which follows, that richness is about 'decommodification'.

Richness: "Freedom" to do what you would like to do and "no more worrying"

When participants talk about what it means to be rich, many respond with a detailed qualitative explanation which often includes being able to spend without thinking about it[122] (n=3) and having freedom (n=2) from worry about money (n=3). For instance, a senior executive in a financial firm (gross income £401-1m; net worth £1.4-4.9m) explains that she worries a lot about her finances. Reflecting on what a rich family means to her she defines it as being comfortable and not having to worry:

> The problem is the definition of rich. If I changed that to comfortable... and if I define that as not having to worry about money, I worry about money all the time. If I defined it [like that], **I think mortgage free, having savings, having a pension, got children,** […] **probably 20 million quid**. […] **No more worrying**. […] **Security**. (Interview transcript 26, emphasis added).

[121] http://www.telegraph.co.uk/finance/personalfinance/pensions/12000288/We-earn-190k-a-year.-Do-we-need-to-sell-our-flat-to-afford-private-school-fees.html.
[122] This was also mentioned by Sherman's (2017) participants.

Therefore, richness is described as freedom from any further accumulation concerns. A hedge fund manager (gross income £5-50m; net worth £50-250m), who describes himself as socially mobile like most entrepreneurs with extreme wealth, has reached this desired state of freedom from worrying about future accumulation. He explains that being a rich family is:

> ... not really a numeric number. I mean the thing about being wealthy is that at some level you don't have to worry about being rich… sorry **you don't have to worry about buying things. You can just buy them, you can just have them.** And that brings a very high class problem on its own, which is if you can just buy something then you just buy it. Or which one do you just buy. I went to the Geneva motor show about... this year in fact. Geneva motor show is known for having literally every car; a fantastic display of supercars. You know, Ferraris, Lamborghinis, Bentleys and more... just unbelievable cars. And I realized as I was walking around that I could buy anyone of them that I wanted. But that didn't really help because you then have to choose obviously. It is a very difficult thing to do [...] I mean **obviously I can't, I don't know, buy Belgium... but within reason being wealthy means buying almost anything that you can reasonably want** (Interview transcript 17, emphasis added).

This narrative highlights that richness is defined as not having to worry about spending, as being able to buy almost anything. Hence, comfort and 'ease' (Khan, 2011) is the 'other' of the competitive market. Similarly, a barrister, also an economic evaluator, explained that her idea of richness is being able to go on a shopping spree, buy as many designer items as she likes without worrying about the financial implications. This is how another young professional explained her own high income:

> I never imagined I would make as much as I make at the moment […] High income is one where I spend a month's salary on a holiday and don't think about it, where suddenly I can fly business class and I don't have to think about it, where I'm on holiday and my boyfriend goes *ah we should take a plane over the crater* and we just go *yeah here's the credit card* (Interview transcript 25).

Not thinking about spending money is therefore part of having a high income. A financial entrepreneur (net worth group £5-50m) took this further when he explained that not having to worry, in the long term, is an indication of being wealthy:

> [A rich family is one where] you can make the choices, that you would ideally like to make without having to worry about the financial implication, you can't necessarily do exactly what you want to do, you can't go and buy 10 thousand acres of estate in Oxfordshire or Gloucestershire, but **you got enough money not to have to worry about your long term, ["you don't have to worry about where next year's income is coming from"]**, you haven't got to worry about saving for a rainy day, all those sort of things, so, I can't put a figure on that, but for me it's all about having that comfort, of knowing you've got enough to support yourself, your family, children potentially and live the lifestyle that you want […] **that translates to a different number for different people**… for me that's not a massive amount of money, for some people it might be hundreds of millions of pounds (Interview transcript 13, emphasis added).

Not having to worry is therefore an indication of richness. Most of the richest individuals in the sample, hence aim to transmit this "not having to worry" to their children:

> I'm ambitious to make more [money] always […] for me it is just to enable us as a family to build our asset base further, to make sure that the next generation and the one beyond that are gonna be comfortable, and well educated and be able to live in, you know a decent house […] so, you work backwards from there, the sort of money that I would regard but I, so I think it depends a little bit on the individual, the family circumstances, the ambitions, age […] I think sort of **financial security** in a general sense […] **for us as a family that means making sure our children and grandchildren are well looked after**, and are well educated and all those sorts of things, [which] **as a family we value, without having to worry** (Interview transcript 13, emphasis added).

Participants' stories indicate a search for security, a state without worry about future accumulation. Extending the notion of richness as security and absence from worry, I will now discuss the related theme that some participants view richness as 'decommodification', and hence the release from the strains of the labour market.

Decommodification: Living off capital income

Approximately one-third of participants conceptualize a rich family as one that can live off their capital income, in other words, as a family which does not need to work (n=11). A senior investment banker, who compares himself to the parents of the other children at his child's school, explained this to me. He seems very interested in thinking about what a rich family in the UK means to him and appears to enjoy the thought process surrounding this question. His friends, he explains, often think about how much money they would need to stop working and live off their assets (see Godechot, 2016). The banker's idea of richness is "having generated income, without the need for working" (Interview transcript 1). This does not necessarily mean that people stop working, potentially due to the sense of worth 'elites' derive from their 'hard work' (Sherman, 2017a).

A hedge fund manager (gross income £5-50m; net worth £50-250m) also defines "wealthy" as being able to live off capital income, but adds that someone who is rich can transfer this freedom from commodification in the labour market to their children. He explains that to him richness is:

> Participant: That whatever **money you leave to your children is potentially transformative** (inaudible). Does that make sense? […] If you can leave enough money to your kids **that your kids never need to work, then you are wealthy**. It's very hard to put a figure on that, but […] if you've got a twenty year old kid and you leave them... five million pounds […] I would say it's that kind of level, where you can leave your child millions of pounds not hundreds of thousands of pounds.
>
> Interviewer: Hmm… and then the children would have the freedom...
>
> Participant: … to do what they want, yes (Interview transcript 17).

This quote reflects the idea that richness means decommodification for themselves and their children. This discourse is reminiscent of Piketty's (2014, p. 154) argument that we may return towards a 'patrimonial' type of society in which a small part of society inherits enough so they do not have to work (Savage, 2015b). The decommodified economic 'elites' can be conceptualized as a 'new aristocracy' (Savage, 2015c), because they do not need to engage with the labour market.

While participants discuss the individual pursuit of decommodification, Esping-Andersen (1990) analysed the level of decommodification provided by different welfare state regimes. Decommodification "refers to the degree to which individuals, or families, can uphold a socially acceptable standard of living independently of market participation" (Esping-Andersen, 1990, p. 37). Esping-Andersen argued that there are three ideal-typical welfare state regimes: liberal, corporatist and social democratic welfare states, depending on the level of decommodification as well as the social stratification of its social policies. The liberal model, which includes the UK[123], is one where the welfare state offers low levels of decommodification to its citizens and where individual responsibility is stressed. Hence, participants' perceptions of richness as being able to decommodify themselves, need to be considered in the broader context of a liberal regime. In this climate, aspiring to richness is viewed as virtuous, as the rich are seen to fulfil their individual responsibility for providing for themselves.

Atkinson (2006, p. 3) also puts decommodification at the heart of defining the 'rich' by proposing a definition of this group as those with wealth high enough so that a person "could live off the interest at an average standard of living". Therefore, the rich are "those individuals whose wealth exceeds 30 times mean income" because at an expected return "of 3⅓ [percent] per annum this level of wealth generates an amount equal to mean income per person". As participants in my study do not consider living at an average standard of living as adequate (in fact many explain that they cannot imagine how those with median incomes get by), I suggest a complementary definition of 'extreme richness' which is consistent with the perspective of the rich. The extremely rich are individuals whose wealth exceeds 30 times the threshold of the top 1 percent of the income distribution. In 2012, the rich according to this definition were those with wealth in excess of £3.5m (£118k x 30). This number is reasonably close to the median answer of my participants of what a rich family means to them (£3m). Assuming a return of 3⅓ percent per annum, a person with £3.5m in 2012 could live off the interest at the standard of living of someone whose income places them just within the top 1 percent of the income distribution. Those who are (extremely) rich, according to this definition, have a standard of living similar to or better than those at the bottom of the top 1 percent. The latter, who predominantly derive their income from labour, are viewed as being rewarded on the basis of merit.

[123] Note that the UK was not unambiguously categorized as liberal in Esping-Andersen's (1990) typology.

Conclusion

In this chapter I have argued that top income earners' views of what high income and richness means are skewed, and that their views demonstrate an absence of regard for the distribution of income and wealth among the general population. I will build on this finding in the chapter that follows; the final empirical chapter. Participants state that high incomes and richness are relative, depending on the situation, aspiration and location of a person. Economic evaluators' views on what constitutes high incomes and richness are much higher than those by social evaluators. This may be unsurprising because economic evaluators explain that inequality, high incomes and richness are incentives to do better. A key theme to emerge from my analysis is 'elite accumulatory struggle', which can help explain participants' skewed perceptions of high incomes and richness. Accumulatory struggle is narrated through two key themes: the London property market and the market for children's private education. The experience of economic inequality is therefore one whereby participants strive towards the accumulation (Savage, 2014) of economic and cultural capital.

Being rich was narrated as freedom from worrying about further accumulation. These views generally do not take into account the distribution of income and wealth among the general population. Extending this notion, some participants view richness as being able to live off capital income and decommodifying oneself from the market (Esping-Andersen, 1990). The most economically advantaged participants state that this freedom to do and buy whatever they like, and the freedom from financial worry, is something they aim to pass on to their children. Therefore, based on Atkinson's (2006) pioneering work and my qualitative data, I have suggested a complementary definition of the rich (from the perspective of the rich). Participants' aspirations need to be seen in the context of a liberal, residual welfare state, in which decommodification offered by the state is low and where individual responsibility is stressed (Esping-Andersen, 1990). In the conclusion, I will address the contradictions that arise between narratives of meritocratic top incomes resulting from hard work in a competitive market, and discourses of decommodification, effectively the release from the strains of the market.

Chapter 8 Perceptions of economic inequality and policies to tackle it

Introduction

In this chapter, I analyse participants' perceptions of economic inequality and how these perceptions relate to views on policies to ameliorate inequality. The two topics are discussed as interrelated in this final empirical chapter because participants often and spontaneously resorted to discussing policy preferences as a way of expressing their views on inequality. I asked participants how high they think top income and wealth shares *are* and how high they think they *ought to* be, respectively. A majority of participants, the economic evaluators, chose not to engage with the question of how high top income (and wealth shares) ought to be; they insisted that they cannot answer this question. Levels of inequality, they explained, should be determined by market forces. Only a minority of participants, the social evaluators, engaged with the question. Bar one, all of these participants answered that top income shares should be lower. The discourses upon which economic evaluators draw are based on liberal conceptualizations of markets (Fourcade and Healy, 2007). Beliefs in neutral market forces, and top incomes as a reflection of economic contribution (discussed in *Chapter 4*), explain why most respondents perceive economic inequality not as an issue to be tackled, but as a natural and hence inevitable result of neutral market forces.

I will firstly define the key concepts from the point of view of the participants, discussing their perceptions of wealth compared to income. Income and wealth are perceived as interrelated. Generally, wealth is perceived as more important than income, because of the significance of property and the "freedom" that capital provides (through capital income and as a safety net). I will then explore participants' perceptions of economic inequality, demonstrating that participants highly overestimate levels of income and wealth inequality. This may be due to their experience of relative disadvantage (discussed in *Chapter 6*). Generally, top income and wealth shares are perceived as having increased, especially top wealth shares. However, many participants do not perceive increases in inequality as concerning because the 1 percent are viewed as creating economic value. This applies in particular to income inequality. Income inequality is generally seen as less concerning than wealth inequality due to beliefs that the labour market is meritocratic (discussed in *Chapter 4*). However, instead of drawing on moral distinctions between super-managers and rentiers (Piketty, 2014, p. 264), participants distinguish between deserving entrepreneurs and potentially undeserving managers, bankers and traders.

Then, I discuss how narratives of market competition relate to participants' views on policies to tackle inequality, comparing their views with attitudes among the general population. Due to their belief in markets, economic evaluators narrate the market as being best placed to determine levels of inequality. Therefore, market incomes should not be interfered with. Instead of inequality, these participants state that addressing poverty and raising the absolute living standards at the bottom of the distribution should be the focus of policymakers (cf. Reis, 2005). However, participants are slightly more likely than the general population to indicate that the government should redistribute.

Participants' perceptions of wealth compared to income

Firstly, many participants narrate wealth and income as interrelated. One explanation for this was discussed in the previous chapter; what a high income means for participants is viewed as dependent on a person's wealth, and in particular, their property assets. The economic value of property is described as closely linked with location and participants did not tire of detailing the specificity of London property prices. Recall the narratives outlined in *Chapter 7* whereby participants' incomes are portrayed as not high enough because of London's high housing prices and the narrative of the senior executive who considers her own income as not high because "it feels like it all just goes to the [enormous] mortgage".

In regard to relative importance, participants generally perceive wealth to be more important than income[124]. This reflects economic research which has shown that wealth is incredibly important, not only because wealth is even more unequally distributed than income, but also because of its vast and increasing importance relative to income and due to its historical accumulatory nature (Hills and Bastagli, 2013; Piketty, 2014; Savage, 2014; Atkinson and Bourguignon, 2015). For instance, the senior executive with the high mortgage explains that "[p]robably wealth is more important because it gives you more freedom" (Interview transcript 26).

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[124] Exceptions are the accounts of two entrepreneurs who explain respectively that the distribution of wealth is not very important for social division and that wealth inequality is simply a result of fate.

Hence, while many social science studies still neglect the study of wealth, its importance is clear for my interview participants. As discussed in *Chapter 1*, social science studies which do not account for wealth, leave a large part of economic inequality unaddressed because the ratio of capital to national income in the UK in 2010 was approximately 5.5:1 (Piketty, 2014; Savage, 2014). Further most sociological research on class does not take wealth inequality into account, economic research on inequality focuses on income inequality due to data issues with measuring wealth and most social policy research on poverty is likewise focused on income (Alvaredo et al., 2015). Therefore, a large part of social science research on inequality misses what is intuitive for my interview participants: that wealth is crucial for richness, family comfort, social status, children's life chances[125] as well as future capital income and relatedly, decommodification from the labour market.

For some interviewees, particularly the entrepreneurs among the sample, accumulating wealth was stated as the most important aspect about high incomes. A successful entrepreneur explains that the key issue is not income, rather the focus should be on net worth. He acknowledged that income from employment matters for CEOs, but explained that for entrepreneurs it is capital gains, i.e. growing one's assets, which counts[126]. He added that it is always important to be worth more (written notes from interview 24). Similarly, a junior entrepreneur who runs a family office explained:

> **I don't really see income necessarily as a measure of something that's important**, you've got to view it in a sort of absolute sense where you're combining income and you're combining capital as well, so it's about your total wealth, how much has your total wealth grown (Interview transcript, 12, emphasis added).

Therefore, wealth is viewed as key by participants. Reasons mentioned include that wealth facilitates future capital income and therefore allows individuals (and in cases of extreme wealth, individuals, their children and grandchildren) to decommodify themselves from the labour market (as discussed in *Chapter 7*).

[125] Wealth has been shown to be important for life chances as it bestows far reaching advantages onto those with high wealth and their children (Keister, 2014).
[126] Here it is important to distinguish between realized and unrealized capital gains; the latter are not taxed hence can be accumulated more easily.

Views on the evolution of top income and wealth shares

The distribution of income and wealth in a given society is not static, hence when studying perceptions of economic inequality, it is also important to consider how historic changes are perceived. This is particularly relevant for top income and wealth shares, which have increased considerably in the UK since the 1980s (as detailed in *Chapter 1*). Generally, participants explained that they know or have the impression that top income and wealth shares have been increasing.

Top wealth shares in particular are seen as increasing. When asked whether *the top 1 percent of wealthiest individuals are doing better nowadays than they used to*, most participants agree and provide explanations for why they perceive this to be the case. Reasons highlighted include that "clearly anyone with financial assets has seen the value of those go up as money is being printed" (Interview transcript 11). In other words, "the owners of assets, so equity prices, land prices, property prices have all gone crazy, since 2007, and the top 1 percent massively disproportionately owns those assets and so has therefore disproportionately benefitted [as] a result of quantitative easing[127]" (Interview transcript 15). Other participants referred to the increase in the "average house price" (Interview transcript 14), the "asset boom" (Interview transcript 19), the "low interest rate environment [which] has fuelled the asset bubble" and hence "benefitted more those people who've been able to accumulate capital and re-invest it" (Interview transcript 22).

Another reason highlighted as explaining why the wealthiest 1 percent are doing better nowadays, is that they are narrated as being able to access higher returns because "FCA regulations" mean "that only sophisticated individuals can [invest and] get higher returns" (Interview transcript 1). A finance professional explains:

> Once you have a certain core amount of capital… You can suddenly access better services, better advice, better tax structuring… you can access whole different tranches of asset classes, which means that your income is all just accelerating (Interview transcript 9).

[127] Quantitative easing is related to central banks' monetary policies. Further, the guidelines for central banks' objectives are set by governments.

Hence, top wealth shares are seen as increasing due to the disproportionate ability of the wealthiest to grow their assets (Piketty, 2014). However, increases in wealth inequality are not necessarily seen as concerning as I will discuss.

Top income earners, defined as the top 1 percent of income earners, are also viewed as doing better nowadays (18/30). While a majority of participants indicated that top income earners do better nowadays (compared to others), other participants responded that they did not believe that this is the case. Some explain that pay levels have come down in the City since the financial crisis mainly due to increased regulation and "scrutiny on pay" (n=8). For instance, a fund manager reflects[128]:

> In the financial sector, it certainly has not broadly been true over the last few years since the financial crisis [that the top 1 percent are doing better nowadays], there's been something of a freeze in incomes certainly […] from what I've seen across the financial sector despite some of the high levels of bonus, would be below were they are 10 years ago, below even the sort of 1, 2 percent rises that are being put through in teaching, public sector, other areas (Interview transcript 11).

Similarly, an investment banker explains that in addition to more regulation, "higher competition", "automation" and a "global efficient labour market" mean that top incomes have come down:

> For example, if I was doing my same job, if I was in the same position, 10 years ago, I would be earning double to what I am earning now. And the reason why it has come down is, that there has been more scrutiny on pay, banks, there has been more regulation, there's more costs, and there are more people willing to work for [less, particularly in low income countries] (Interview transcript 1).

Hence, these participants explained that the 1 percent are not doing better nowadays due to increased competition and regulation. However, according to data from the WWID (Alvaredo et al., 2017), while the share of the top 1 percent of total income in the UK decreased from its peak of 15.4 percent in 2007 and 2009 to 12.6 percent in 2010, by 2013 the share had already recovered to 14.5 percent (by contrast, the share

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[128] Participants are not referring to owner's equivalent rent here, only to income from labour (and in some cases to income from capital).

was 9.8 percent in 1990). Other participants who point to pay decreases in the financial sector, acknowledge though that top income earners have increased their share of total income in the long run.

Meanwhile, other participants explained that only those at the very top (for instance the top 0.1 or 0.01 percent) are doing better nowadays. Of the 6 participants who mentioned this, 3 excluded themselves as being at the very top. Data from WWID shows that from 2002 to 2012, the share of the 0.1 percent in total income remained almost unchanged (4.5-4.6 percent), although the level varied considerably within this period, peaking in 2009 at 6.5 percent (Alvaredo et al., 2017).

Top income earners are also considered by some participants as not doing as well as previously due to increasing property prices. They explain this by discussing their relative disadvantage compared to those with housing wealth, in particular the older generation who purchased property earlier. A barrister explains that "the lower half of the top 1 percent":

> … can't be doing as well as they used to because […] they're the people who only one generation ago bought their houses in Chelsea and Notting Hill and St. John's Wood and that's what matters really, what do you want to do with your money? You want to buy a nice house, you want to send your kids to a private school maybe (Interview transcript 15).

Another barrister similarly refers to relative disadvantage compared to others in her profession of an earlier generation to explain that top income earners cannot be doing better than they used to:

> It's probably not right [that top income earners are doing better nowadays than they used to] because I look at people in my chambers who are twenty years ahead of me; they all had a house by the age of thirty-five or even by the age of thirty and their house has gone up like three times in value so I'm not sure I agree with that (Interview transcript 25).

Above discussion illustrates that top wealth shares, and to a lesser extent top income shares, are generally perceived as increasing by participants. If participants do not perceive those with top incomes and wealth as doing better than before, they often explain this with reference to their relatively disadvantaged position. I will now address moral judgements of top income and wealth shares.

Concern for top wealth shares compared to top incomes

There is generally more concern for inequality of wealth compared to inequality of income, although a few participants believe that wealth inequality "is what it is" and does not matter that much. The reason why income inequality is often perceived as less concerning is because income is viewed as more deserved due to meritocratic reasons (discussed in *Chapter 4*). As all participants have an income which places them in the top 1 percent of the distribution, it may not be surprising that they are more concerned about wealth than income inequality. However, two-thirds of participants also have assets which, broadly approximated, put them in the top 1 percent of the wealth distribution (n=20/30)[129]. Further, those with top wealth are also generally more concerned about wealth inequality than those with only top incomes.

Talking about increasing top income shares, social evaluators explain "that's a bad thing" (Interview transcript 16), "it's wrong" (Interview transcript 22), "it's likely to cause growing resentment" (Interview transcript 21) or that it makes them "feel pretty bad actually [because they] would prefer a society that was much more equitable" (Interview transcript 9). However, increasing income inequality is not necessarily perceived as concerning by economic evaluators because top income earners are seen as creating economic value. An entrepreneur explains:

> The difference in income has increased markedly even in the time that I've been around because it's not just the UK, it's a global phenomenon [...] I can understand why it's happened in the sense that people who are, well the sort of people I described, you know the well-educated, smarter people, energetic, ambitious, they are able to, to create value for others, I think they have become increasingly valued themselves (Interview transcript 13).

Similarly, a chief executive explains that top income earners are doing better nowadays due to their businesses performance and increased competition at work and "therefore, I think the rewards today reflect that and I think that's fine" (Interview transcript 4). Hence, as the top 1 percent are perceived as creating economic value, their increasing share of total income is justified. The chief executive, who explained that economic

[129] As discussed in *Chapter 2* with reference to Hills et al. (2015).

evaluation processes justify top incomes, is nevertheless debating whether increasing top incomes are a concern:

> [I did not feel bad for paying my staff very high bonuses because it was based on performance, however,] I'd be the first to say that far too many people have ended up being paid a lot of money and not actually doing such a great job... and I can understand why that has caused real tensions. It's one thing having a small number of people who are performance based, but the world has got so stretched now […] and I don't have […] a solution to it (Interview transcript 6).

Even though pay was narrated as a reflection of contribution, and therefore justified, this participant also acknowledged that performance pay can lead to greater inequality, which may not be desirable. Income inequality is generally perceived as less concerning than wealth inequality, and in some cases as necessary to overcome inequalities of wealth. For instance, a senior investment banker states that it would be better if the share of the top 1 percent in total income was higher, the only participant to do so, because:

> ... if you can see a path to being wealthy, you don't mind people being wealthy […] if there's a dream that you could be that person [then people are happy] but if people never have that choice, then it is pretty debilitating, because by definition I think we're gonna end up with people who are very wealthy because they can grow assets at 10-15 percent per annum, and people who will never be that wealthy, who'll never get there (Interview transcript 1).

Drawing partially on Piketty's (2014) analysis that returns are highest at the top of the distribution, meritocratic top incomes, which people can "choose" to have, are explained as an important way to overcome inequalities of wealth. Another reason for why income inequality is perceived as less concerning than wealth inequality is that some respondents, including a young investment banker, view income as productive compared to "captive" wealth (Interview transcript 14). According to this economic concept, referred to also by Piketty (2014), "[taxing wealth] makes more sense than taxing income" (Interview transcript 14). Another participant, a financial professional, explained this as follows:

> I have less of a problem with top income than I do with top wealth. The reason being […] from my own experience of coming from a family that had very little wealth, but had a lot of potential for income, and they created a lot of income which helped build wealth. So, I don't have a problem with people making a lot of money. Where I do have a problem is with a huge amount of accrued wealth because […] I have concerns from an economic perspective, that a huge amount of accrued wealth sitting around, is actually not put to productive use […] it is inefficient […] morally it is a difficult one too […] the problem is that [a] billionaire earns 40 million pounds in interest and he will only logically spend a couple of million pounds a year, and the rest of that only either just goes to accrue more wealth, or literally sits in cash, neither which is particularly good from an economic perspective. So for me, I would rather favour targeting the wealth than the income [with tax] (Interview transcript 2).

Hence, top wealth is seen as not "productive" and hence economically "inefficient", which is why the participant favours wealth taxes over income taxes.

For some participants, concern for wealth inequality is stronger than for income inequality, because of their experience of relative disadvantage compared to individuals with a higher level of (property) assets (as discussed). This applies in particular to those whose incomes are within the bottom 90 percent of the top 1 percent. Another barrister extended this way of thinking, and went even further, asserting that wealth inequality is the issue rather than income inequality:

> [It's a] mistake but the media, the government, they talk about wealthy people and then they say people who are earning over a hundred thousand pounds a year. This is ridiculous; this is completely missing the point. […] all the inequality is about wealth inequality […] obviously there's a time factor. And income inequality can lead to wealth inequality. So income inequality is not completely irrelevant, but the problem is wealth inequality. Maybe I would say that, because I'm not wealthy and I have a high income (Interview transcript 19).

While this particular participant views wealth inequality as the real issue, there are also, as discussed, a couple of participants who state that wealth inequality is not relevant. While social evaluators in particular express concerns, stating that differences in wealth are "profoundly unhealthy for society" (Interview transcript 3), other participants, including a few high net worth individuals, assert that wealth inequality currently is not higher in Britain than it was 100 or 150 years ago, or that they prefer the capitalist system over the feudal system and communism. Overall though, wealth inequality is generally perceived as more concerning than income inequality. Top incomes are often portrayed as meritocratic, in contrast to accrued wealth, which can be undeserved.

Sources of income and moral distinctions: Entrepreneurs vs ‘super-managers’

Participants’ narratives include moral distinctions between different types of income “depending on its source [and] intended use” (Zelizer, 2011, p. 91). In economics, a key distinction is between income from capital and income from labour[130] (Piketty, 2014). Those with top incomes derive their income from labour (and)/or from capital; they can be ‘super-managers’ (and)/or ‘rentiers’ respectively with different moral implications (Piketty, 2014). In the economic literature, top earning ‘super-managers’ are often seen as more meritorious (Ibid.). Distinguishing between income from labour and income from capital is important because the time and effort involved are clearly different (Keister, 2014). For this reason, top incomes from labour are sometimes portrayed as more deserving than top incomes derived from capital, even though in the neoclassical theory of the marginal productivity of income distribution both of these forms of income are regarded as a reflection of social contribution (McGoey, 2017).

Instead of drawing on moral distinctions between super-managers and rentiers as suggested by Piketty (2014), participants draw distinctions between deserving entrepreneurs (who “create wealth” by building their asset base through capital income) and employees including “bankers” and “CEOs” (who are not necessarily deserving because their income from labour may be derived from being part of “a cabal”, or because they are “greedy” bankers). This discourse of “wealth and job creation”, which champions the pursuit of increasing economic value without any consideration for the distribution of wealth is sometimes termed neoliberal (Harvey, 2007). Further, respondents stress that entrepreneurs “take risk” and are therefore deserving of their income and wealth. As discussed in *Chapter 6*, entrepreneurs are the most admired group of people, and viewed as those in the ‘top’ group of society.

An example of the distinction between deserving entrepreneurs and “questionable” bankers or traders is the narrative of an investment bank executive. He

[130] This distinction is often neglected in the sociological literature (Keister, 2014).

is very fond of entrepreneurs who have “vision” and “brilliant ideas” but critical of bankers because: “They don’t take risk; they believe they take risk. It’s not their money”. He elaborates:

> Richard Branson, is a very successful person, and is very rich. But he took some amazing risk on how he developed his business world. And [he] could have lost everything of his own money. The trader doesn’t lose his [sic] own money ultimately; it is your money and my money […] or whatever the government is putting in it […] That’s a huge difference […] you have to be impressed that [Richard Branson]’s been very successful, he’s been very well rewarded, he has a beautiful island wherever it is, and he can do whatever he wants but, he must have had a few sleepless, sleepless nights. Whereas a trader, nobody likes traders at the moment because ultimately they are viewed as playing with somebody else’s money […] whatever you do [as a trader] you win, ultimately, and you get paid and if you don’t get paid at the end of the year then you leave and you go to another firm where you negotiate a better package, with a better formula, and you start again (Interview transcript 10).

Hence, risk taking is defined as putting one’s own capital at risk by using it for entrepreneurial activities. Both traders and entrepreneurs derive their money from quantifiable economic evaluation processes; either through a formula or market revenue. However, only entrepreneurs are viewed as taking personal risk, therefore entrepreneurial top income is seen as morally superior, a common theme in the data. The finance executive quoted above compares himself with entrepreneurs, whom he very much admires, throughout the interview. Ultimately, the entrepreneur is narrated as more deserving than the trader:

> [Talking about high incomes] I would say anybody that makes 200 thousand pounds above I think it’s really nice, anybody making over a million, you are either an entrepreneur and you have taken a lot of risk in your vision and you should be making that money, I don’t have a problem with that, or you are a trader and I have a question mark here, on do you deserve that? (Interview transcript 10)

Hence, top incomes from entrepreneurship are deserved, but top incomes from trading not necessarily so. Another participant, an entrepreneur, agreed with this notion, but took it further asserting that top income shares are not “relevant to discuss” if they include income from entrepreneurship:

> I think there’s a very big difference between someone who puts their own money at risk… and I should take those out completely of any survey I ever did. You know if you’re employed by British Petroleum. Okay, you didn’t put one single dollar at risk. Okay then why should you earn twenty million a year and the lowest guy [sic] earns seven thousand a year. It’s kind of ridiculous. [However] if you’re prepared to put your own money at risk there should be… it’s not even relevant to discuss that equation [top income shares]. **I take all the risk.** I put all of my money in to this company; I’ve borrowed against my house. I sold my house […] Okay, I put my money in. **Well, I should be rewarded for that** (Interview transcript 18).

Therefore, in contrast to managers’ incomes, his vast entrepreneurial income is deserved because he has put his own capital at risk. Similarly, another financial entrepreneur argues that entrepreneurial “wealth creation” should be rewarded, but “reward for failure” by managers is not justified:

> I’ve got no problems with people making huge amounts of money, particularly if they are entrepreneurial, they built businesses, created a lot of value, created a lot of employment, and all the rest of it, but I object rather more to people who get paid a lot of money for really doing [a] pretty sort of regular job [hence their income] is quite difficult to justify and I think there are cases in this industry as well where we are probably overpaying people (Interview transcript 13).

It is this comparison of managers with entrepreneurs which shows that the discourse of managerial income as economically evaluated, market based and therefore justified in pursuit of shareholder value (discussed in *Chapter 4*) is also questioned by participants, in particular by entrepreneurs. As the previously quoted entrepreneur notes:

> In public companies… where you’re getting these huge differences, it’s pretty obscene what the top guy gets. But that’s back to supply and demand. You know how many really good people are there? And if you’re the shareholder you basically want to get the best return for your shares. [However if] the stock markets go up they [the managers] all look okay. When they’re going down they’re all idiots […] so it’s nothing to do with them (Interview transcript 18).

This quote demonstrates that top incomes by managers are not necessarily seen as a reflection of their marginal productivity. Entrepreneurial incomes on the other hand are viewed as a reflection of contribution.

A further moral distinction drawn upon by participants, though mentioned less often, is between capital income from personally created versus inherited wealth (n=3). The former is viewed as more meritorious. However, as we have seen, participants also aim to provide for their children; some even state providing for their family as a motivation to pursue top incomes (see also Sherman, 2016). Income from capital is narrated as deserved when the assets from which income is derived have been accumulated by participants themselves through income from labour or entrepreneurship. For instance, a City entrepreneur (Interview transcript 3) explained by drawing on the discourse of personal hard work and skill (discussed in *Chapter 4*) that he would perceive himself as deserving of capital income if he had worked to build up that capital; for instance, if he bought a couple of properties to rent out. While his own income from capital is viewed as deserved, those who are deriving capital income from inherited wealth are not deserving. The reason provided, that there is no skill involved in letting advisers manage your money, also applies to renting out property. Hence, participants' views about the deservingness of income and wealth are contradictory. The main moral distinction however, which participants draw on during the interviews, is between deserving entrepreneurs, and not necessarily deserving managers and CEOs.

Preferences for economic inequality: Is the distribution of income relevant?

To explore perceptions of and preferences for economic inequality, I asked participants in turn how high they think top income and wealth shares are in the UK, and how high they think they ought to be. On average, participants indicated that they think the share of the top 1 percent in national income is 34 percent (median=30 percent; n=19[131]), when the actual figure was 14.5 percent in 2013. Participants further guessed on average that the share of the top 1 percent in total wealth is 47 percent (median=40 percent, n=14) when it was approximately 20-25 percent in 2008-2010 (data from

[131] There is missing data because many participants declined to answer this question; it seemed as if some did not want to answer a 'test' question.

Alvaredo et al. (2015)). Therefore, participants highly overestimate top income and wealth shares. The over-estimation of inequality at the top is consistent with their upward comparisons.

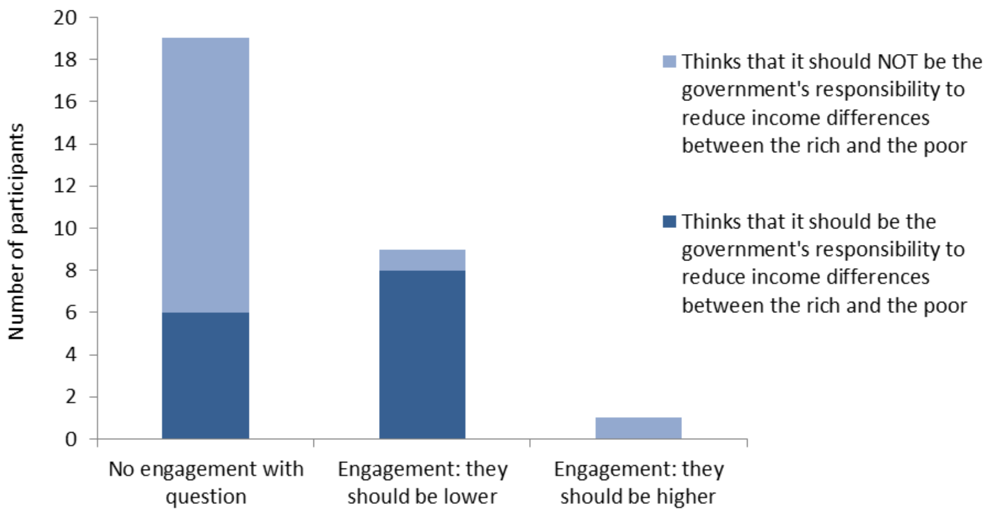
When asked how high top income shares ought to be, a majority (approximately two-thirds; n=19) indicated they cannot or do not want to answer this question, because ‘the market’ should determine levels of economic inequality. These participants ‘disengaged’; they did not wish to discuss or opine on top income and wealth shares. For them, inequality is not an issue because it is justified for ‘meritocratic’ reasons and/or because top income and wealth shares are not relevant. For some participants, top income and wealth shares are not seen as relevant because poverty, or inequality measured by the Gini coefficient, should be the focus. Hence, these participants, the economic evaluators, explain that we should not concern ourselves with issues of distribution, but focus on maximizing the wealth “for all” by encouraging wealth and job creation. Economic evaluators disagree with the political choice of measuring inequality with distribution tables and top income and wealth shares (Atkinson and Piketty, 2007; Atkinson et al., 2011; Piketty, 2014).

Therefore, when asked survey questions regarding income differences and government redistribution, the majority of economic evaluators, who disengaged with top income shares, explained that it should *not* be the government’s responsibility to reduce income differences between the rich and the poor (n=13/19) (Figure 8.1). On the other hand, those participants who are interested in top income and wealth shares and engage with the question regarding how high these measures ought to be, conceptualize inequality as an issue of distributive justice. They are the social evaluators who perceive inequality as a political issue and indicate that top income shares should be lower, stating that they prefer a more equal distribution (n=9[132]). As a result, almost all social evaluators indicate that it is the government’s responsibility to reduce income differences between the rich and the poor (Figure 8.1). Meanwhile, only one-third of the economic evaluators indicate that it is the government’s responsibility to reduce income differences. There is one economic evaluator who is an exception because he engages with top income shares; however, he asserts that top income shares should be

[132] There are 10 social evaluators, but only 9 participants who indicate that top income shares ought to be lower. There is one social evaluator who explained that he “hasn’t really thought about” how high top income shares should be, rather than engaging with the question. However, he explained that top wealth shares should be lower.

higher and that it is not the government's responsibility to reduce income differences between the rich and the poor. In the following sections I will discuss the differences between social evaluators who engage and economic evaluators who do not engage with top incomes and wealth; I will begin by considering disengagement.

Figure 8.1 Engagement with question *how high top income shares ought to be*



Note: For one respondent, group assignment was not possible.

<u>Disengagement with top income shares</u>

The two-thirds of respondents who do not engage with the question regarding how high top income shares ought to be, explain this with reference to discourses which stem from the neoclassical economic theory of the marginal productivity of the income distribution which, under the assumption of free competition, conceptualises incomes from both labour and capital as reflecting contribution (with implicit moral assumptions) (McGoey, 2017)[133]. Emergent themes include that the market is best placed to determine levels of inequality, a belief in trickle-down economics, that levels of distribution are not of interest and that poverty, rather than inequality should be our concern. These narratives will be addressed in turn.

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[133] In some cases, participants' narratives may be viewed as neoliberal discourses; for instance in Harvey's (2007) definition, neoliberalism is the doctrine that market exchange is an ethic in itself, capable of guiding all human action.

Firstly, participants explain that they themselves would not want to determine top income shares, because the market should determine levels of inequality. For instance, a financial entrepreneur explains:

> I wouldn't begin to make choice on that [how high top income shares should be] […] **the market will find a level**, I actually don't know what it is, the top 1 percent it's probably sort of 30 or 40 percent […] **we live in a free, democratic, open, capitalist society,** a huge reason for the success of this country and I wouldn't […] begin to say *well, only 10 percent of the wealth should be owned by 1 percent of the people* […] it's the sort of way it evolves, and I've got no problems when people, as I say, create huge wealth for themselves, a Richard Branson type person, great, I'm over the moon that he has created a lot of money […] a lot of jobs […] **centrally-planned economies might do that sort of thing** […] I suspect in China […] they've got even more extremes there […] the way we operate our economy here is reasonably successful in dispersing incomes **where we don't have deep levels of poverty across vast tracks of the country** […] so, no I couldn't really begin to answer this question and wouldn't want to (Interview transcript 13, emphasis added).

Due to beliefs in markets, this participant explained that he would not wish to engage with issues of distribution, such as top income shares. A financial entrepreneur summarizes this idea:

> **I believe in capitalism and I believe in market forces** […] I don't believe [in] government intervention [because it destroys] incentives for people to work […] to start companies […] employ people and create worth […] you can actually kind of end up with a greater degree of equality, [but] the average level of wealth across the economy is significantly depressed […] So to me you can either end up in an environment such as frankly we have in the UK or we have in the US, where […] there's a distinct very kind of sharp disparity […] But there are [these] incentives [explains that Jeremy Corbyn's policies would destroy incentives] (Interview transcript 23).

Hence, economic evaluators explain that inequality, the unequal distribution of resources, is not an issue. Reasons provided are reminiscent of 'trickle-down' or liberal 'laissez faire' economics (Wisman, 2013) which posits that 'growing the pie' (increasing GDP) instead of addressing how it is divided via government intervention will make everyone better off in the long run. However, some assert that the focus should be on poverty reduction at the bottom of the distribution instead. These participants state that measuring inequality by looking at the top of the distribution is not very useful, implying that they do not perceive their own top incomes (and wealth) as part of a broader societal issue. For instance, the hedge fund manager, who referred to a football analogy to establish that top incomes are a reflection of talent, explained self-assuredly that inequality measured by the Gini coefficient has decreased over the last 20 years and that he does not care about how resources are distributed:

> So, I sort of completely refute […] that inequality has risen for the vast majority. It is however true that the very, very top 1 percent, or actually even the 0.1 percent, the ratio of them to the 10th percentile has gone up. So the very, very wealthy have got wealthier. That is true. Now, the [..] question [is] does that make the 99 percent worse off? And the answer is no […] **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 (Interview transcript 17).

This quote illustrates that the unequal distribution of economic resources as measured by top income shares is not seen as concerning by economic evaluators. This view does not acknowledge that distribution, at a given point in time, is a zero sum. Instead, those with top incomes and wealth are portrayed as contributing to society through the creation of wealth and through paying taxes. Hence, their extreme economic advantage should be celebrated, just like the achievements of the (white, male) sport stars to whom respondents compare themselves. When discussing the distribution of income with participants, 6 respond that I should instead look into how much tax the 1 percent pays; many citing The Telegraph[134] or Daily Mail[135] articles which state that 30 percent of (income) taxes are paid by the top 1 percent. These participants disregarded differences in ability to pay, and other forms of taxation, which are regressive. For instance, a senior executive reminds me that:

> … people look at the amount somebody earns, [but] they don't typically look at the amount of tax that that generates, so I think the more you earn, the more tax you pay,

[134] http://www.telegraph.co.uk/finance/personalfinance/tax/10368203/Top-earners-to-pay-third-of-all-income-tax-despite-rate-cut.html

[135] http://www.dailymail.co.uk/news/article-2451686/Top-1-earners-pay-THIRD-income-tax-year.html

> which is fine […] but I don’t think people ever get any credit for the sort of contribution they make (Interview transcript 4).

Crucially, part of the majority of respondents who do not engage with the question regarding how high top income shares should be, view poverty as separate from inequality (n=5), and stress that the bottom of the distribution is much more important. Therefore, poverty is not an issue of distributive justice, i.e. it is not seen as the result of the unequal distribution of resources. This finding is in contrast to Reis’ (2005) work which has demonstrated that Brazilian ‘elites’ acknowledged the interrelationship between the concepts of inequality and poverty, and that they generally considered inequality to be more concerning and problematic than poverty.

A finance professional explains that instead of focusing on the top of the distribution, we should attend to the bottom. “Excessive numbers of people in abject poverty” would concern him, but he does not resent the rich, from which he excludes himself. His quote, which may loosely rest on Rawls’ (1971, p. 75) ‘difference principle’, illustrates his belief that matters of distribution are not of great concern if they benefit the least-advantaged members of society:

> I think the most important thing to look at [concerning the increasing gap between high and low earners] is the absolute level of living standards of the low. Erm, and my understanding of that’s improved. So obviously I’d like to see the low increasing as much as the high. But that, for me that would be secondary to the absolute level of the low improving (Interview transcript 7).

Hence, the absolute living standard of the poor is viewed as separate from, and more important than, economic inequality. This view is shared by a barrister, who illustrates that from his perspective, policy intervention should focus on ensuring adequate living standards at the bottom, rather than equalizing economic inequalities:

> **Assuming fairness** in the way in which people earn money, I don’t think there’s a threshold [for top income shares] that is right or wrong […] **that’s quite a big assumption but** […] I have no problem with J K Rowling who wrote a book and was incredibly successful earning a vast, vast amount of money […] I have a problem with [bankers who gain even though their banks lose money] […] I don’t feel that there’s a level that’s right or wrong […] **people should be free to earn as much money** […] **as**

> **they want**. That said it seems to me that **there's an obligation on society to provide everyone with a safety net** and so it's reasonable to take from those richest people an amount of money necessary to pay for the safety net […] but the aim of that is not to equalize the difference, **the aim of that is just to pay for things that need to be paid for** (Interview transcript 20).

Therefore, economic evaluators who "wouldn't begin to make a choice" on how high top income shares should be are not concerned about the unequal distribution of material resources. Economic inequality is not an issue but "abject" poverty or no safety net at the bottom would be concerning. This finding is in line with Sklair's (forthcoming) ethnographic work on philanthropy in Brazil. Economic evaluators' views contrast with research on inequality which has shown that "larger top shares" in a country tend "to go together" with higher poverty (Atkinson, 2015, p. 25). Further, while poverty levels in the UK have been reduced over the last twenty years (while top income shares have generally increased), relative levels of poverty are now higher than in the 1960s and 1970s (Atkinson, 2015). Despite evidence which shows that top income shares and levels of poverty are part of the same distribution, economic evaluators choose to view those two measures as separate by insisting on the importance of the 'absolute' level at the bottom. Hence, while high incomes and richness are seen as 'relative', poverty is viewed as absolute.

<u>Engagement with top income shares</u>

I now turn to the group of social evaluators who discuss and opine on top income shares, indicating that top income shares should be lower (n=9). These participants also refer to discourses of the free market and incentives, but stress issues of social justice and fairness. For instance, a hedge fund manager would prefer levels of top income shares to "be chopped in half" because:

> 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! (Interview transcript 15).

Similarly, an investment bank executive explains that top income shares in the UK are "slightly better" than in the US (where they are higher), referring to a news story from 2007 in which a trader at Goldman Sachs received about US$50 million as a bonus. He compares the trader's contribution with the contribution of a surgeon and concludes that it is not fair:

> Now, I am sure he is or she is a very brilliant person, but is that person worth 50 million in that year? No. How much does a surgeon get that is going to save you or me by doing a bypass operation, replacing my hips, changing my shoulders? (Interview transcript 10).

Therefore, while economic evaluators view top incomes as a result of a neutral market, and hence the distribution of resources as not concerning, social evaluators are concerned about the vastly unequal distribution of resources, often with reference to occupations which are seen as socially valuable, such as the medical profession (as discussed in *Chapter 4*). As a result, social evaluators explain that top incomes shares should be lower.

Preferences for economic inequality: What about the distribution of wealth?

As discussed, there is more concern for inequality of wealth than there is for inequality of income; though the two are often discussed as interrelated. It is therefore difficult to disentangle the two for analysis. Slightly more respondents state that they would prefer lower top wealth shares (n=12) than state they prefer lower top income shares (n=10). However, many chose not to answer this question, for the same reasons discussed in regard to top income shares: because the market is the preferred mechanism for the distribution of economic resources (n=17)[136]. Participants' explanations for why it is better not to interfere with top wealth shares include that the current capitalist system in the UK is better than previous feudal systems or the aristocracy (n=3), and better than systems in place in other (communist or authoritarian) countries. References are made to China, Cuba and Zimbabwe (n=2). A junior entrepreneur who runs a family office explains that in Great Britain:

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[136] Another similar finding relates to the responsibility of the rich, which is seen as more important than the distribution of wealth: "Yeah. So in a way any… anything on wealth it's as much as how it's used as… as to what the sizes are" (Interview transcript 21).

> … so much of the country was always controlled by a small number of people and that's actually got better. Now, okay, you read something like Piketty, he's saying it's now getting worse, but actually, at least there is nothing to stop someone if they work hard from getting a piece of that action, you know, whereas if you weren't born into the right family, you had no job, you were [going to] be a serf (Interview transcript 12).

A hedge fund manager is sceptical of attempts which focus on achieving a fairer distribution of income and wealth because in his view, market forces will result in the best outcome:

> Of course on the one hand one can argue a case that *wouldn't it be fairer to have income and wealth evenly distributed* […] *wouldn't it be wonderful to achieve that*… but I believe that if you actually […] try to engineer that, once again, you can actually kind of destroy incentives […] I mean you end up with (laughs) […] what's happened in Zimbabwe (Interview transcript 23).

This narrative relates to an emergent theme that inequality "is what it is" and that no matter what system there is, there will always be inequality. Illustrative of this perspective, a financial entrepreneur states that wealth inequality is "the normal cycle of life". In addition, among the minority of participants who are more concerned with top income than top wealth shares, the prevalent reason is that "wealth inequality just is what it is". For instance, an entrepreneur explains that wealth inequality is "almost relating to fate a bit" because "property markets could fall, equity markets could fall, and everybody is a bit poorer again, but so be it". He states

> I think the income thing, the disparity is such that you feel there is a sort of inherent unfairness […] whereas, if you are in the fortunate position of having some assets, and they haven't gone up in value or you have invested them wisely, so be it. I mean, **it's just the way it is** […] they might have tried to invest prudently and sensibly, or you might have been a bit lucky […] you could argue that anybody owning a house in London they have been rather lucky or you know whether they are born and bred or whatever, but […] I don't have great concern about that, I mean this**, is the same the world over, it's always been the same**; **we're never gonna have an equality of either income or wealth**, and I am not suggesting on the income side there should be anything like equality, that's never gonna work (Interview transcript 13).

Therefore, even though participants generally view wealth inequality as more concerning than income inequality, some participants view wealth inequality as “fate” and therefore avoid questions of fairness (Bamfield and Horton, 2009).

Views on policies and what can be done

In this final section, I will analyse how participants’ perceptions of economic inequality relate to their views on policies to alleviate economic inequality. As already alluded to in the previous section, the dominant discourses of market forces, incentives and wealth creation mean that only a minority of participants desire “a genuine shift in the distribution[s] of income [and wealth] towards less inequality” as proposed by Atkinson (2014, p. 619).

Participants’ policy preferences are important because they are powerful. Four of the participants have donated significant amounts to political parties, ranging from tens of thousands to hundreds of thousand pounds (average of approximately £300k)[137]. There is evidence for extensive political engagement among participants of this study; most, if not all participants, seem to confidently have a ‘right to speak’ (Laurison, 2015; Bourdieu, 2010 [1984]) about political matters. Respondents are happy to discuss their views on policies and what they believe should be done, including optimal taxation, wealth and income taxes, incentives, education, among other issues.

Policy preferences reflect market discourses. Market forces are viewed as best placed to establish levels of inequality, and a few participants state that the market will regulate economic inequality (n=3). Others explain that legislation cannot be the solution because people (the rich) will game the system anyway (n=6). For instance, taxation levels which are perceived as too high are seen as incentivizing tax avoidance: “We’ve got to avoid a situation where income tax levels get to the level that people start looking for ways of getting round it” (Interview transcript 21)[138]. Incentives are often referred to as important and endangered by government intervention. Taxes which are too high are viewed as destroying incentives (n=7), and as encouraging talented people to leave the country (n=6). A couple of respondents even stated that they themselves would leave the country if taxes increased (n=2). Incentives for

[137] These include donations to major political parties and a national campaign.
[138] This statement is related to a discourse prominent in the Thatcher era.

entrepreneurial wealth creation and individual job seeking were also seen as important (n=9). For instance, a senior executive in a financial company asserts:

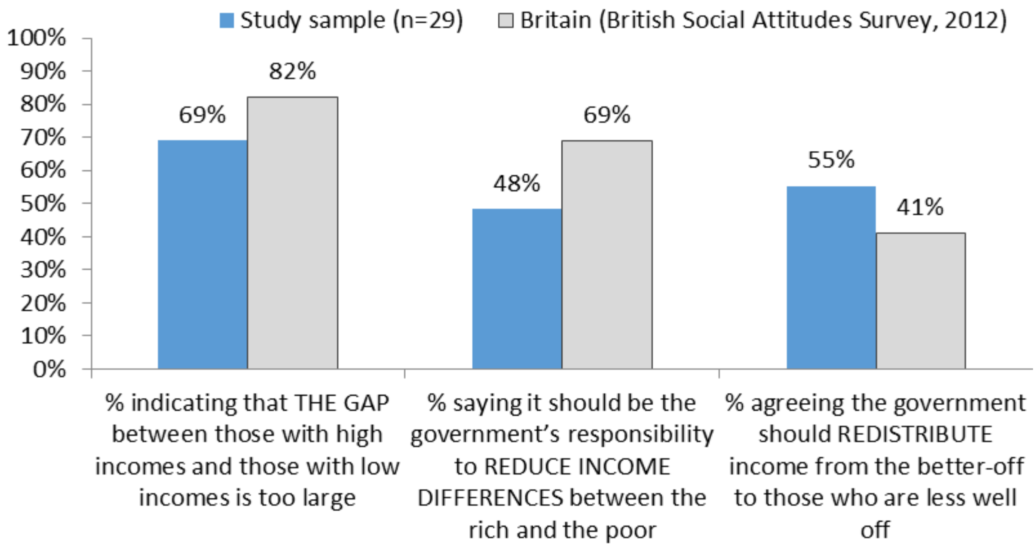
> I can remember when top rates of tax was 95p in a pound, [hence all] smart, clever, entrepreneurial people went and moved to America […] where their contribution was more valued. Now, we have a top rate of tax of 40-45 percent which means you can keep most of it, I am in favour of that. I think if people work hard, they deserve to be well rewarded […] **I think some of the social inequalities are addressed through wealth creation**, not all of them, now, I mean, I think the last election here was a very clear sort of proposition, *do you believe in wealth creation as a means of addressing some of the social inequalities*, or *do you believe that social inequalities are addressed by taking money from there and giving it there…* that's a disincentive for people to create wealth! (Interview transcript 4, emphasis added).

Hence, inequality is a result of people working very hard, and is best addressed by creating incentives for "wealth creation". Within the sample, only a minority are critical of the discourse surrounding incentives (n=6). A hedge fund manager, even though he strongly believes in 'free markets', 'capitalism' and 'incentives' argues that "you're very incentivized, even if you had half of what you had currently, if you're in the top 1 percent" (Interview transcript 15). Further, a couple of social evaluators mention that they would prefer more redistribution, but that it is difficult to oppose the current ideology and political discourse (n=2). These views are a minority of the sample.

To illustrate the differences of my sample compared to the general population, I will now turn to the survey responses of my participants. Population data comes from the 2012 BSA survey (*British Social Attitudes: The 30th Report*, 2013). My data shows that compared to the general population participants are less likely to indicate that *the gap between those with high incomes and those with low incomes is too large* and less likely to agree that it is *the government's responsibility to reduce income differences between the rich and the poor*. However, participants are comparatively more likely to agree that *the government should redistribute income from the better off to those who are less well off* (Figure 8.2).

Of the interview participants, 69 percent perceive the gap as "too large", compared to 82 percent of the public. Whereas 33 percent of interviewees indicate that the gap is "about right" only 14 percent of the public does so (not shown in figure). While 48 percent of interviewees agree or strongly agree that it should be *the government's responsibility to reduce income differences between the rich and the poor*, 69 percent of the public do so. Note that this question was interpreted as concerning the government's responsibility to reduce differences in market incomes (for instance through pay caps or minimum wage policies).

Figure 8.2 Attitudes to the income gap, reduction of income differences and government redistribution



However, 55 percent of the top income earners in this study either agree or strongly agree with the statement *the government should redistribute income from the better off to those who are less well off* compared to just 41 percent of the public. Therefore, a majority of participants opposes government interference with differences in market incomes, in line with market beliefs. Nevertheless, a slight majority acknowledges that redistribution is necessary to provide vital public services including health care, education and to tackle poverty.

Conclusion

In this final empirical chapter, I have firstly shown that for many participants, wealth is generally perceived as more important than income because of property prices and the perceived "freedom" that high levels of wealth provide through capital income. The narratives of relative disadvantage compared with others who are wealthier, including those of earlier generations or those from wealthy families, highlights the importance of wealth which is often ignored in social science studies. Further, top incomes are generally perceived as more deserving than top wealth due to beliefs that the labour market is meritocratic. However, moral distinctions between super-managers and rentiers are rarely drawn upon. The main moral distinction narrated by participants was between deserving entrepreneurs and those deemed to be not necessarily deserving employees, including bankers and CEOs. Meanwhile, most participants view those with top incomes and wealth as doing better nowadays than they used to, in particular those with top wealth. Further, some participants explain that top incomes have come down since the financial crisis.

In regard to policy preferences for addressing inequality, a majority of participants state that the market is the best mechanism to determine levels of inequality, reflecting the strong beliefs in markets which I have introduced in *Chapter 4*. According to this view, matters of distribution should not be a concern; instead the focus should be on raising the living standard at the bottom through incentives for wealth and job creation. As a result, less than half of the participants agree that it is the government's responsibility to reduce differences in (market) incomes. However, a slight majority agrees that government should redistribute income; to provide public services and tackle poverty, which is stressed by some as more important than tackling inequality.

Conclusion

The purpose of my research was to analyse how those at the top of the distribution, the top 1 percent, understand economic inequality, and their place and role in it. Thus, I explored how participants understand the recent turning of the tables in social science research on economic inequality; whereby top income and wealth shares now play an important role, complementing a more traditional focus on poverty or summary measures of inequality such as the Gini coefficient. The focus is on how much the richest take in terms of income and how much they own in terms of wealth relative to everyone else. My study is an empirical investigation on how the rich perceive this political choice. In this concluding chapter, I summarize my findings and discuss the limitations and implications of my research. My qualitative fieldwork in the City of London[139] investigated how participants perceive inequality as measured by top income and wealth shares. To frame my qualitative work, I commenced the PhD study with an analysis of survey data to explore how those at the top of the economic distributions perceive meritocracy and their social class.

Findings from the GBCS

Data analysis of the GBCS demonstrates that meritocratic views towards what is "most important for career success" are prevalent among all respondents, but particularly so for those with the highest household incomes and wealth. Generally, the meritocratic items 'level of education', 'hard work' and 'personal ambition' were most frequently selected. Respondents across the income spectrum in the GBCS are highly likely to indicate that these meritocratic items are most important for career success; however, the rich are even more likely to select these items and 'natural ability' than are all others[140]. My latent class analyses show that it is justified to distinguish between a majority of GBCS respondents who select 'education' and other 'meritocratic' items as most important for career success[141] and a minority who choose 'education', in addition

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[139] In addition to my fieldwork (interviews and focus groups), I have followed the debates surrounding inequality in the media, including how *Capital in the Twenty-First Century* (Piketty, 2014), and *Social Class in the Twenty-First Century* (Savage, 2015c) were received.

[140] As discussed, the GBCS data is useful because a disproportional amount of those with top incomes and high household wealth engaged in a classed performance of completing the survey; although the GBCS is not representative of the general population.

[141] This finding applies to the two-class, three-class and four-class solutions of the latent class analyses.

to ‘social reproduction’ items, which included ‘social class’, ‘coming from a wealthy family’ and ‘accent’. Hence, those with top household incomes have heightened meritocratic views, although these views are common throughout the distribution of GBCS respondents.

The GBCS is advantageous because its wealth of rich respondents allows us to observe the granularity at the very top of the income and wealth distributions. Standard survey data on the other hand only allows for the exploration of the top decile group. This allows us to differentiate between the attitudes of those with the highest household incomes and wealth from those whose income and wealth is merely high. For example, in addition to attitudes towards what is important for career success, the GBCS also provides relevant data regarding subjective social class. Descriptive statistical analyses of participants show that the higher a respondent’s household income, the more likely they are to indicate that they are part of the upper middle or upper class. Further, the higher a participant’s wealth and income, the more likely they are to select meritocratic items as important for career success. These findings demonstrate the importance of accounting for differences at the top of the distributions, which is often overlooked by surveys which do not permit an analysis of variation within the most advantaged participant groups.

Qualitative interview and survey findings

Turning to my qualitative fieldwork, the lack of available data to address my research question required the collection of original data. To this end, I conducted 30 qualitative interviews with individuals who earned top incomes. The data collected includes narratives relating to income differences, top incomes and wealth, as well as survey data on participants’ knowledge of the income and wealth distribution, their income and wealth and policy attitudes.

Limitations

Before I discuss my findings, I need to stress the limitations of the qualitative interview sample. Due to the non-random selection of participants and the small sample size, I cannot infer my findings to the population of top income earners in the UK. While there is no bias towards LSE graduates among the interview sample, there may be sampling and social desirability bias, because participants who view top incomes as a relevant issue may have been more likely to agree to be interviewed, and because participants may have adjusted their answers in conversation with a sociologist, respectively.

Participants have been sampled by virtue of them earning top incomes (either through employment, self-employment or entrepreneurship). Therefore, even though many participants also have wealth which places them in the top 1 percent of the distribution, and some have extremely high fortunes, none of the participants currently derive their top incomes exclusively from capital income. A further limitation is that I have only talked to top earners themselves, excluding their partners who might hold different views, as investigated by Glucksberg (2016a) and Sherman (2017). Due to the focus of the study on perceptions towards top incomes and wealth, sampling participants whose income places them within the top 1 percent of the income distribution, i.e. 'economic elites' rather than institutionally operationalized 'elites' (Reis and Moore, 2005), is justified however.

While a lack of ethnographic data does not allow me to compare what people say they do with what they actually do (Khan and Jerolmack, 2013) or to observe whether and how participants' views change over time (Skeggs, 1997), the advantage of conducting interviews is that I was able to interview participants in a variety of industries and professions; people who are employed, employers and self-employed in finance, law and consulting. Further, it allowed me to talk to participants with a wide range of incomes and wealth. Most importantly, interviews are a suitable method to investigate perceptions of inequality (Reis and Moore, 2005).

As with other qualitative studies on 'elites', I am not able to generalize my findings; however, my findings are theoretically relevant and can inform future hypotheses and representative studies. Specifically, my study shows that participants' views on how top incomes come about, i.e. how they are produced, are fundamental for their perceptions of economic inequality and policies towards tackling it. My study showed that ways of thinking about market outcomes are related to views on whether the government should reduce income differences.

While I find in my sample that there is a significant minority of top income earners who are social evaluators, I cannot generalize this finding to the broader population. The non-random sampling method, and small-scale of my study does not allow this inference to be made. It could be the case that social evaluators are overrepresented in my sample. For instance, Page et al. (2013) found that the wealthy in their study (residents in the Chicago-area who are among the top 1 percent of US wealth-holders), though they express concern about inequality, are much more likely than the general public to oppose government action to redistribute income or wealth. My findings are the opposite; participants are actually slightly more likely than the general population to agree that the government should redistribute incomes (though they are less likely to agree that it is the government's responsibility to reduce income differences due to strong beliefs in market outcomes). However, BSA data from 2012 shows that a significant minority of those in managerial and professional occupations supports government redistribution, though they are less likely to do so than those in working class professions (38 compared to 46 percent) (Pearce and Taylor, 2013). Further, Rowlingson et al. (2012, p. 11) have found that while those with higher incomes are much less likely to support redistribution, data from the BSA suggests that there is also "a fair degree of altruism rather than self-interest in the higher income population". My findings are compatible with these latter nationally-representative studies.

Despite these limitations, which are related to the difficulty of accessing those with top incomes and wealth, the data, its analysis and resulting research findings nevertheless constitutes a contribution to the field as I will discuss. Importantly, the challenges I faced in collecting this data reinforces the argument that the type of data collected by our national statistical agencies is a political choice. Rather than focusing on the dynamics at the top of the income and wealth distributions, policy makers have placed much emphasis on monitoring those at the bottom (Savage and Williams, 2008). My research acts as a small step towards redressing this imbalance.

Economic evaluation

Turning to my findings, the cultural process through which participants evaluate top incomes and wealth is fundamentally based on economic principles; hence I term it *economic evaluation*. I argue that it is precisely these practices through which participants make sense of top incomes (and wealth). These principles stem from the discipline of economics, whose key domain of study is markets. In economics, markets are viewed as the most efficient way to allocate scarce economic resources (Slater and Tonkiss, 2000). For participants, market principles explain top incomes and differences in incomes more generally. The cultural process of (economic) evaluation is part of the wider cultural process of rationalization, a key feature of the modern, bureaucratic organization (Lamont et al., 2014). Rational principles, which rose hand in hand with monetarization and the emergence of modern market societies (Slater and Tonkiss, 2000), aim to maximize efficiency and are generally perceived as neutral and fair (based on merit) (Lamont et al., 2014). In my interviews, participants explain that neutral market forces determine who is 'best' based on who creates the highest financial value.

Descriptions of resource allocation processes within organizations are common in my interviews. Processes referred to include formulas and metrics which are used to divide up economic value within a firm. For instance, an investment banker's salary and bonus consists of a share of the 'financing cost saved' which their team has achieved for clients, a trader's bonus is based on a 'formula' of revenue generated and a hedge fund manager derives their revenue based on the '2 and 20' fee structure[142]. The prime manifestation of economic evaluation is the performance culture in the City of London. This culture is based on performance-based pay, ranking (categorization) of staff and the firing of a certain percentage of 'underperforming' staff. As a result, participants internalize evaluations of their economic value. The ruthlessness of the performance culture creates insecurities and explains why some participants aim for decommodification in order to relieve themselves from the strains of the market.

The evaluative practices which are narrated as determining a person's economic value legitimize economic reward. Categorization in the form of rankings, metrics and formulas feed into legitimation, because the market, an abstract neutral force, determines who is 'best'. Top incomes in the professions of participants are viewed as the result of who has done best in (financial) markets by creating the most economic value for clients and shareholders. For example, participants generally view those even further up the skewed distribution, in particular entrepreneurs, as having attained their position based on 'rational', market-based evaluations of merit and therefore as deserving. Further, performance-pay has been shown to be related to increasing top income shares (Atkinson, 2015). Meanwhile, participants aspire and struggle to advance their position, appearing to follow a moral Weberian imperative to achieve economic success. Importantly, participants see themselves as being able to change

[142] Hedge funds typically earn fees which are calculated as two percent of all assets under management and 20 percent of all the profits generated.

their position within this unequal market structure (see also Khan, 2008). Therefore, inequality at the top is generally not perceived as negative for their lives; rather it is viewed as an aspiration to achieve more economically.

The cultural process of economic evaluation explains why the market is seen as rewarding *hard work*. When talking to participants about why there are differences in income and wealth, and what qualities are needed for high incomes, two-thirds of respondents mention hard work as a key factor. The discourse of hard work includes determination and persistence, long working hours and working smartly and efficiently. Income differences are often narrated as reflecting hierarchies of skills and talent (Bamfield and Horton, 2009), while liberal market economies are viewed as meritocratic, because neutral market forces reward hard work and talent. However, a one-third minority of participants, the social evaluators, question whether the market is the best instrument to determine the value or contribution of an individual to society; specifically with comparisons to the “low” incomes of teachers, doctors and nurses despite their important contributions to society.

Participants favour individualistic over structural explanations to explain inequality (Khan, 2008), but acknowledge structural barriers and the importance of luck. The representation at the top is one of white, male privilege, highlighting that the conditions of possibility for being positioned at the top are ‘intersectional’ (Crenshaw, 1989; Skeggs, 1997; Atkinson et al., 2016). Participants are aware of intersectional inequalities, but many do not see a contraction between these inequalities and the idea that the market is a neutral merit-determining instrument. Why are visible structural inequalities in top income professions compatible with the idea that market competition determines merit and economic value? The reason is that the process of economic evaluation itself is gendered, racialized and classed. White, male and privately educated individuals are perceived as creating the most economic value. So even though women and ethnic minorities are still clearly underrepresented in top income occupations, participants highlight that there has been a change towards a (more) meritocratic City.

The process of economic evaluation is *gendered* because performances of being a top earner (and of privilege, Khan, 2008) tie in seamlessly with performances of masculinity, but present challenging contradictions for performing femininity. The competitive performance culture is narrated as masculine; as ruthless, calculative and therefore suitable for confident, self-advocating leaders. This presents a contradiction for performing femininity, which includes caring for others (Perrons, 2014), underestimating one's skills and exercising self-critique. While Glucksberg's (2016a) ethnographic work showed that 'elite' women's labour is often unrecognized, even by themselves, Sherman's (2017) interview data highlighted that female partners of top earners often stress their hard work ethic as paramount, just like their top income earning partners. According to my survey data, women in my sample consistently self-rate lower than their male peers and they also own comparatively much less wealth. The masculinity of the economic evaluation process rationalizes the underrepresentation of women among the top 1 percent. Women are seen as 'choosing' to focus on their families rather than on making money; as self-selecting out of top jobs. While gender is not perceived as restrictive to top incomes; having a family is (though this applies only to women). As a result, women's economic disadvantage is naturalized.

In addition to being gendered, the process of economic evaluation is *racialized*. The trusted norm at the top is not only male but also white. Those who self-rate as part of the top group in society are white male entrepreneurs with extreme wealth. The blue-blooded history of financial services in the UK, in particular for investment banking (McDowell, 1997), and the colonial history of the UK including a financial services sector which thrived on the slave trade, including the Bank of England and Lloyds, contextualises why white male faces are the trusted norm in the field and hence why they are evaluated as economically most valuable.

Finally, the gendered, racialized economic evaluation process is also *classed*. For many participants, there is no contradiction between meritocracy and an overrepresentation of privileged, privately educated individuals at the top. This is because private education is viewed as providing superior skills, most notably confidence, which are narrated as entangled with economic value. Private education therefore enables children to inhabit their capital legitimately[143]. Private schools are a logical extension of market thinking because participants use their capital to provide a market-based education for their children, which is expected to deliver future returns. Economic evaluation is classed, because those of privileged, privately educated backgrounds are seen as economically valuable (Skeggs, 2004a; 2014). As the process of economic evaluation means that those who create the highest financial value are

[143] It allows them to carry the freedom of never having to rely on the labour market for their income, through a performance of hard work and 'ease' (Khan, 2008).

viewed as the best, and because there are vast economic differences between people at the top, many participants experience relative disadvantage.

Relative (dis)advantage

Individuals in the top 1 percent are surrounded by vast absolute economic inequality due to the strong skew of the income and wealth distributions. The economic inequality between those at the top means that when individuals compare themselves with others at the top, the economic circumstances of these other people are often very different compared to their own. An example is a young barrister who compares herself with colleagues who are twenty years older, have bought their London homes many years ago and now own expensive houses which are unaffordable for her. Hence, at the top of the distributions, an individual's comparative reference group is often very different in economic terms from their membership reference group, resulting in relative disadvantage. I coded all social comparisons which participants drew on either spontaneously or when asked to identify who is doing better than them. Social comparisons with reference groups shed light on participants' perceptions of high incomes and richness which are, unsurprisingly, skewed. They also explain why, when asked to indicate their subjective social location on a scale from one to ten, only one-third of participants indicate that they belong to the top group.

Runciman (1966) concluded that inequality was sustainable because relative deprivation in the UK was limited as respondents' comparative reference groups tended to be the same or similar to their membership reference groups (their social class). In contrast, I argue that the differentiation at the top means that the rich today will almost invariably experience relative disadvantage and that this constitutes a potential driver of economic inequality at the top.

My qualitative interview data shows that participants experience economic inequality from a position of relative (dis)advantage; they experience relative disadvantage in their daily lives as a result of 'upward' social comparisons with reference groups which are wide-ranging in economic terms while being conceptually aware that they are relatively advantaged compared to the general population. Hence, those at the top experience their position in a contradictory two-fold way: within their social space at the top (in which they almost always have someone much richer than them to aspire to) and in society overall (in which they are advantaged). In their daily lives, participants experience relative (dis)advantage compared to reference groups which matter to them, especially those whom they "compete" with, while being aware that they are relatively advantaged compared to wider society.

The surprising finding was that relative disadvantage and vast inequality at the top was seen in a *positive* light by many participants. This is because those who are perceived as doing better, in particular entrepreneurs and philanthropists are narrated as an inspiration, motivation and as an incentive to do better and "create wealth" and "jobs". The positive framing of relative disadvantage contradicts with participants' accounts of elite struggle in regard to private education and London homes; for instance younger participants feel disadvantaged in the property market compared to older colleagues who bought their London property earlier and participants who have or plan to have children complain about the high cost of private schooling. Private education is seen as a necessity because it is standard practice in their social group of reference; not going to private school would put their children at a relative disadvantage. Even though participants are also inconvenienced by the experience of relative disadvantage the discourse that those who do better economically are an aspiration, and incentive, is powerful.

There are outliers among my sample concerning relative (dis)advantage. We have also seen outlier effects in the GBCS data on subjective social class; the probability of identifying as upper middle or upper class increases exponentially with household income. There is one category of interviewees for whom the concept of relative (dis)advantage does not consistently apply: white, male entrepreneurs with incomes of £5m and higher who have built their own financial companies and have extreme wealth. These participants self-place in the top group of society and make limited upward comparisons, at least of an economic nature. When they engage in social comparison, it is often with socially-distant others; with white, male sports stars in football or cycling and with named entrepreneurs. Participants explain the extreme wealth of famous sports stars and entrepreneurs with reference to economic concepts related to competition such as the "scarcity value" of their talent and "unique pricing power". The process of economic evaluation explains why entrepreneurs and those with top incomes are generally admired and aspired to; the idea is that the market rewards them for their merit.

Skewed perceptions of the distribution, high incomes and richness

Based on my interview data, participants' perceptions of their own social and economic standing are skewed, and result from the vast economic inequality at the top of the distribution which surrounds them in everyday life. Even though all participants' incomes are in the top 1 percent of the distribution, many do not consider their income to be high (one-third), except those whose income is extremely high, and many do not consider themselves as rich (over one-third), except those who are extremely rich. This skewed perception affects how participants perceive the income distribution. They overestimate the median income and highly overestimate the threshold for the top 1 percent. Even though participants are aware of broader inequalities and their own advantage, they are particularly conscious of, and overestimate, differences at the top of the distribution. Interestingly, many participants are aware that their perception is skewed.

When asked what 'a high income' and 'a rich family' means to them, participants answer that these concepts are relative. Unlike in authoritative definitions of poverty however, top incomes and richness are not viewed as relative compared to the median or wider society, but as relative to others with top incomes and wealth. Whereas poverty is defined by Townsend (1979, p. 31) as relative to the "amenities which are customary, or at least widely encouraged or approved, in the societies to which they belong" richness is narrated as relative to the amenities which are customary among the rich. This explains why participants' numeric estimates of high incomes and richness are extremely high; the median response to what a high income means to participants is £200k (average = £721k) and the median response to what it means to be a rich family is £3m (average = £9.4m).

Whether someone has a high income or is rich is narrated as relative to someone's peer group, family and friends and as highly dependent on where a person lives; specifically, whether someone lives in London. These narrates are contextualized by two key themes related to what I term 'elite accumulatory struggle'; participants narrated the difficulty of acquiring suitable homes in London due to high property prices in the capital and the 'struggle' of paying for private education for children. Respondents were keen to stress that the steepness of London property prices and the cost of private education affects the meaning of high incomes and richness. A gross annual income of £150k is not viewed as high if the person is paying for private schooling for their children. Based on Atkinson's (2006) pioneering work and my findings on perceptions of high incomes and richness, I propose a relative definition of richness (from the perspective of the rich).

A definition of relative richness

In the context of 'elite accumulatory struggle' being rich means having the freedom from worrying about money and further accumulation. For some, being rich requires being able to live off income from capital; to decommodify themselves from the labour market. The richest individuals in the sample plan to bestow this freedom from the strains of the market to their children and future generations. The freedom of the rich to pursue long-term intergenerational wealth transfers (Glucksberg, 2016a) is in stark contrast to the experience of insecurity and the necessity of focusing on short-term money management by those who are 'getting by' (Mckenzie, 2015; Summers, 2016). Participants' aspirations to decommodify and relieve themselves from the strain of the market need to be analysed as rooted in the competitive environment of the City of London and the UK, a liberal welfare state which stresses individual responsibility for personal welfare (Esping-Andersen, 1990).

The definition of the 'rich' proposed by Atkinson (2006, p. 3) likewise puts decommodification at its heart. The rich are "*those individuals whose wealth exceeds 30 times mean income*" because at an expected percentage return "of 3⅓ [percent] per annum this level of wealth generates an amount equal to mean income per person". A person with this amount of wealth "could live off the interest at an average standard of living". Decommodification is important for how the top 1 percent perceive richness; taking their perspective into account is justified because of their disproportionate political influence and ability to shape perceptions of what it means to be rich. As participants in my study do not consider living at an average standard of living as adequate, in fact, many explain that they cannot imagine how those with a median income get by, I build on Atkinson's definition of the rich and suggest a complementary definition of 'extreme richness'. Assuming an expected rate of return on capital of 3⅓ percent, I operationalize the extremely rich as individuals whose wealth exceeds 30 times the threshold of the top 1 percent of the income distribution. In 2012, the rich according to this definition are those with wealth of £3.5m (£118k x 30). This number is consistent with the median answer of participants of what a rich family means to them (£3m)[144]. A person with this amount of wealth can live off the interest at the standard of living of someone whose income places them just within the top 1 percent (who predominantly derive their income from the labour market and hence are viewed as meritorious). Importantly, there is a contradiction between the desire for decommodification and the liberal discourse of meritocratic hard work as an explanatory factor for differences in incomes.

Perceptions of economic inequality

Top incomes and wealth (as well as high incomes and richness) are often narrated as interrelated and sometimes referred to interchangeably in interviews. However, when prompted about the difference between the two, most participants explain that wealth is more important because of the freedom it provides due to its ability to generate income and the importance of property for feelings of security. Wealth is important for participants because of its accumulatory nature (Savage, 2014); entrepreneurs for instance often perceive wealth accumulation as the most important aspect of top incomes. Wealth is seen as vital for participants because its facilitation of capital incomes allows individuals (and in case of extreme wealth individuals and their children) to achieve decommodification from the labour market. While some social science studies on economic inequality focus narrowly on income rather than wealth inequality, the importance of wealth is intuitive for participants.

Due to experiences of relative disadvantage, participants overestimate levels of economic inequality. To explore preferences for economic inequality and how it is understood, I asked participants in turn how high they think top income and wealth shares are in the UK, and how high they think they ought to be. On average, participants thought top income and wealth shares were much higher than they actually are. Further, most participants indicated that they know or perceive top income and wealth shares as increasing; in particular top wealth shares. They are aware of the advantages of the rich due to increased asset prices and property values as a result of quantitative easing. Further, some acknowledge that the rich benefit from higher returns (as argued by Piketty, 2014). However, participants' heightened awareness of

[144] I did not instruct participants to include or exclude the value of primary residence in their estimates; however, in their calculations most include the value of homes. However, there are others who mention that for them richness is about "liquid" assets only.

inequality compared to the general population does not necessarily translate into vast concerns about inequality.

Comparing income and wealth inequality

Many participants perceive top incomes as more deserving due to the idea that market incomes are meritocratic. In line with this, some participants explain that wealth inequality is morally more concerning, although there are some participants who explained that wealth inequality "is what it is" and therefore does not matter very much. Based on these findings, we would expect that participants draw a moral distinction between deserving super-managers and undeserving rentiers, similar to arguments put forward by Piketty (2014, p. 264). Instead, participants draw distinctions between deserving entrepreneurs who "create wealth" by building their asset base and employees, including "bankers" and "CEOs". Employees are seen as not necessarily deserving, because their income from labour may be derived illegitimately from being part of "a cabal", or because they are "greedy" bankers or they happen to be lucky and manage a company which was already successful. Both entrepreneurs and employees draw these distinctions.

The market logic and the process of evaluation are important for understanding why entrepreneurs are narrated as most deserving. The economic concept of *risk taking* justifies top incomes; people who take risk, and are successful should get rewarded according to this perspective. It is in comparison to entrepreneurs that the economic evaluation of employees based on market determined merit is sometimes questioned; both traders and entrepreneurs earn money based on quantifiable economic evaluation derived from a formula or market revenue respectively, but the latter are seen as more deserving because of personal risk taking. Nevertheless, risk as a form of precariousness, is something which participants aim to release themselves from through the accumulation of extreme wealth. These pursuits of extreme wealth need to be considered in the context of a liberal welfare regime in the UK which provides a very limited safety net to its citizens.

Economic evaluation, and liberal ideals of the market as a neutral merit-determining force, in which competitive individuals are incentivized to take risks and strive for accumulation for the benefit of all, help to explain preferences for inequality. Specifically, many participants state that the distribution of resources itself is not an issue. When asked how high top income shares ought to be, a majority (approximately two-thirds) indicated they cannot or do not want to answer this question, because 'the market' should determine levels of economic inequality. These ideas are derived from the neoclassical theory of the marginal productivity of the income distribution, which posits that income from labour and income from capital reflect the social contribution of individuals (McGoey, 2017). These participants do not appreciate the turning of the tables in research on economic inequality and disagree with the political choice of measuring inequality with distribution tables and top income and wealth shares. They explain that we should not concern ourselves with issues of distribution, but focus instead on maximizing wealth "for all" by encouraging wealth and job creation.

Economic growth is stressed as more important than the distribution of income and wealth. Many participants perceive there to be a contradiction between economic growth and equality, with maximization of the former given primacy. Inequality, the distribution of economic resources, is not an issue; it is justified for 'meritocratic' reasons and/or because top income and wealth shares are not relevant. Rather, poverty or the standard of living at the bottom should be the focus instead. These ideas contrast with social science studies which demonstrate that higher top income shares tend to go together with greater levels of poverty (Atkinson, 2015), that income inequality and poverty are closely correlated in advanced economies (Karagiannaki and McKnight, forthcoming) and that poverty is a distributional issue (Townsend, 1979). Participants' concerns with poverty is reminiscent of Rawls' (1971, p. 65) difference principle which posits "that the higher expectations of those better situated are just if and only if they work as part of a scheme which improves the expectations of the least advantaged members of society". Therefore, a majority of participants does not perceive the unequal distribution of resources, as measured by top income shares, as an issue.

In addition, the moral distinctions of many participants do not focus on the magnitude of individuals' fortunes, but on how wealth was acquired and how it is used. Wealth acquired through entrepreneurship is most legitimate; but in any case it is important that people should not "lie and cheat about it". Bankers' bonuses are not concerning because of their magnitude compared to general incomes, except if they have been acquired illegitimately, illegally, or by being part of "a cabal". Further, how wealth is used is stressed as important; the rich are seen to have a responsibility to society. Philanthropic endeavours are viewed as a favourable development by many; and by some even as a way of addressing inequality. This finding is similar to

Sherman's (2017) study of wealthy New Yorkers. She found that her extremely affluent participants discussed their wealth in regard to 'affect' (one should feel grateful and lucky rather than entitled to wealth) and 'behaviour' (people should not behave ostentatiously but restrain their consumption). These moral distinctions distract from issues of the unequal distribution of resources.

Views on policies to tackle inequality

Whether top income and wealth shares are viewed as relevant is important for participants' policy preferences. In my study, whether a participant engages with top income and wealth shares or dismisses them as not relevant helps to explain their views on policy intervention. Unsurprisingly, the majority of those respondents who are not concerned about issues of distribution think that it should not be the government's responsibility to reduce income differences between the rich and the poor. However, those participants who are interested in top income and wealth shares and engage with the question of how high they ought to be conceptualize inequality as an issue of distributive justice. They perceive inequality to be a political issue and indicate that top income shares should be lower[145].

Compared to the general population, participants are less likely to indicate that the gap between those with high incomes and those with low incomes is too large and less likely to agree that it is the government's responsibility to reduce (market) income differences. However, participants are comparatively more likely to agree that the government should redistribute income from the better-off to those who are less well off. Hence, the government should not get involved in reducing income differences[146], but should focus on redistributing to the poor. Income is narrated as more productive than wealth; hence there is some support for wealth taxation for economic reasons. In line with Piketty (2014, p. 525), these participants view a wealth tax as an incentive to use capital efficiently.

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[145] With the exception of one social evaluator.
[146] Income differences were interpreted as differences in market incomes.

Contradictions, liberalism and the decommodified social class

On one hand, participants highlight that markets reward hard work. On the other hand, participants describe the struggle for or the pleasure of decommodification. Decommodification includes relieving oneself and one's children and grandchildren from the strains of the labour market through capital accumulation of such magnitude that the expected future returns provide complete "freedom" from worrying about money and accumulation. The idea that hard work is what should be rewarded contrasts with seeking to provide for future generations. Khan (2008) highlights a similar contradiction in his theory of the 'performativity of privilege' which entails the somewhat contradictory, though compatible processes of performing 'ease' in acting in one's position while mobilizing 'hard work' to explain one's position. For Khan (2008), managing these conflicting elements refers to the difference Tocqueville observed between democracy and aristocracy; the democratic frame of 'hard work' contrasts with the aristocratic disposition of 'ease'. A key contradiction in my data is that for several participants the purpose of meritocratic top incomes is to live off capital income to achieve 'freedom' similar to Khan's 'ease'.

The implication of my study for the study of *social class* is that a tiny fraction of society is part of a decommodified social class. This class is united by their relief from the strains of the labour market, though divided economically by a vast internal differentiation and demarcation (Savage, 2014). Further, due to the experience of relative (dis)advantage, this class is unlikely to see themselves as part of a homogeneous privileged decommodified social class (Ibid.). Like the aristocracy however, individuals and families in this class are fundamentally different in social class terms and in their liberty from those who must rely on the labour market for their livelihoods. Unlike the aristocracy however, this class is not based on birth and title, but perceived as meritocratic; as consisting of 'meritocrats' rather than capitalists or 'rentiers'. Nevertheless, participants' achievements of and aspirations towards decommodification mean that we may be returning towards a 'patrimonial capitalism' (Piketty, 2014, p. 154), with a 'new aristocracy' in formation (Savage, 2015c). London property and private schools are important markers of status. By providing 'confidence' or 'ease', which is viewed as enmeshed with economic value, private schools allow children of the decommodified social class to inhabit their capital legitimately. My work demonstrates a contradiction within the liberal ideology; it claims to protect individual liberty and provide “freedom” for all, but essentially only does so for those with capital.

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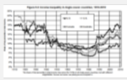
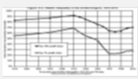
Appendices

Appendix 1: Interview topic guide

Interview Topic guide

Interview consent forms	Introduction to research and signing of consent forms including explaining interview process and questionnaire to respondents

Research questions	Topic	Topic guide	Question derived from:
	Introductions *Career trajectory*	Firstly, as a way of background, can you tell me a bit about what you do now and how you got to the position you are in? *Promt: Your career trajectory / How did you achieve your economic success?*	
How do individuals with top incomes understand income inequality?	***Reasons for inequality***	1) In general, why do you think there are **differences in income?** 2) Why do you think that some people have higher incomes than others? 3) What kind of people have very high incomes? *Prompt: Do you think **gender** / **ethnicity** play a role/are important?* 4) Why do you think there are **people who live in need**? *Prompt:* People who have low income?*	BSA 2009, Question 875 Drawn on GBCS Question 45 (what is important for career success) BSA 2009, Q874
Is there an 'othering' of riches, as identified by Dean and Melrose (1999)?	***Thresholds for 'high-income'*** ***and 'rich'***	1) What is a '**high income**' to you? *Explaining:* "Thinking about a person living on their own, how large would their income have to be before you would say they had a high income?" And again, thinking about a person living on their own, how small would their income have to be before you would say they had a **low income**?* 2) And when you think of income, do you think of **individual or household income**? 3) And having talked about income, how much net worth does it take for a family to be a **"rich** family in the UK?	BSA Question 911 BSA Question 915 As per advice by Stephen Jenkins Adapted from Chin's question on a "rich family in America"
Knowledge about and perceptions of income inequality	***Recent increases in top income*** 	1) "Some people say that top income earners, defined as the **top 1 percent of income earners, are doing much better** nowadays and that their incomes have risen comparatively to others." What do you think about this? 2) There is a lot of talk about the 1 percent. How high do you think *is* the share of the top 1 percent in total income? How high do you think it *ought* to be? Stimuli for interested participants: Data by Piketty (2014) shows that the income share in Anglo Saxon countries taken by the top 1 percent of income earners has been increasing since the 1980s. In the UK in 2010, the share of the top 1 percent in total income was 14%. What do you think of this?	1) Adapted from Runciman (1966) Question 10a Adapted from Chin (forthcoming) Interested interviewees were given data on income and wealth inequality in the UK by Piketty (2014)
Knowledge about and perceptions of wealth inequality	***Recent increases in top wealth*** 	1) Having discussed top incomes, let's talk about **top wealth shares.** 2) Again, "some people might say that those with top wealth are doing much better nowadays and that their wealth has risen comparatively to others." What do you think about this? 3) How high do you think *is* the share of total net worth held by the wealthiest one percent? How high do you think it *ought* to be? For interested participants: Research by Piketty shows that in the UK in 2010 the share of the top 1 percent in total wealth is almost 30% and the share of the top 10 percent is 70%. What do you think of this?	Adapted from Runciman (1966) Question 10a Runciman (1966) Question 10b Adapted from Chin (forthcoming)
Views on income vs wealth inequality	***Comparing income and wealth inequality***	What do you think about top income shares compared to top wealth shares? *(Promt:* What do you think about inequality of income compared to inequality of wealth?)**	
Which comparative reference groups are individuals referring to + are they the same as their membership reference group (Runciman, 1966)?	***self-assigned social location + Reference groups:***	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? Do you think there are any other sorts of people doing noticeably better at the moment than you and your family? If yes: What sort of people do you think are doing noticeably better? What do you feel about this, I mean do you approve or disapprove of this?	ISSP 2009: Question 10a Adapted from Runciman (1966) Question 9a) Question 9b) Question 9c)
Do respondents believe in meritocracy or is there awareness of misrecognition? (Skeggs 1997)	***Meritocracy;*** *fairness economic outcomes*	THIS SECTION WAS ONLY APPLICABLE IF BELOW THEMES DID NOT COME UP BEFORE (WAS RARE) 1) 'Thinking about **top wage income earners**, do you think their salary is generally a fair reflection of their contribution to their company or organisation? 3) What about **top capital income** earners?	Adapted from Bamfield and Horton (2009)
	Survey questionnaire	After survey questionnaire: Before we finish, is there anything else which you think is important for my research which we have not discussed yet? Thanks for participating. Who might be other people that would have insights on this?	

Questions in grey were not neccesarily asked

* these questions were dropped after the first 10 interviews, because participants were uncomfortable answering them.

** These questions were added after about a third of the interviews, as it became apparent that the comparison is of interest.

Appendix 2: Interview survey questionnaire

LSE Sociology

Q In Britain, some households are financially better off than others. Of every 100 households in this country how many would you say were financially better off than yours? ____________________

Q Where do you think your income is on the income distribution?

top 0.1%☐ top 1%☐ top 10%☐ remaining 90%☐

Q Thinking of everyone in the UK working full-time, about how much would someone need to earn each year before tax to get into:

The top half of the distribution? ____________£

The top 1% of the distribution? ____________£

Q Thinking of income levels generally in Britain today, would you say that the gap between those with high incomes and those with low incomes is

…too large,	about right,	or, too small?
☐	☐	☐

Q On the whole, do you think it should or should not be the government's responsibility to reduce income differences between the rich and the poor?

Definitely should be	Probably should be	Probably should not be	Definitely should not be
☐	☐	☐	☐

Q *Please tick one box for the following statement to show how much you agree or disagree with it.*
Government should redistribute income from the better-off to those who are less well off

Agree Strongly	Agree	Neither agree nor disagree	Disagree	Disagree strongly
☐	☐	☐	☐	☐

Q Do you consider yourself as having been socially mobile?

No ☐

Yes, upward ☐

Yes, downward ☐

Q What subject did you study at university? ______________________________

Q What is your highest level of education? Postgraduate degree ☐

Undergraduate degree ☐

No degree-level education ☐

I am still in education ☐

Q Please give an approximation of your net worth £_________

Q Please give an indication of your gross annual income from all sources £_________
(Including bonus)

Q Do you live with a partner? Yes☐ No☐

Q Do you have children? Yes☐ No☐ If yes, how many? _____

Interviewer to fill-in:

Name ________________________

Age range __________

Gender __________

Ethnicity __________

Appendix 3: List of codes

Code name	Sources	References
0 Career trajectory and own economic success	14	23
0 Position, description of job and career trajectory	16	16
Educational qualifications	5	6
Entrepreneurial (self-employed, employed) work provides autonomy, control	9	11
Family pressure to do well economically	2	2
Hard work, driven, discipline, ambition, getting things done, (risk taking)	5	9
History of banking; Big Bang, deregulation, english merchant banks vs US investment banks	3	5
Interested in own work_enjoys job_work as hobby_intellectually stimulating	7	9
Knowledge, broad knowledge base (generalist skills)	1	1
Leading, implementing programmes	1	1
Self employed barrister; Chambers get a lot of good work	2	3
Story of mobility at beginning of interview	1	3
Taking up of and identifying the opportunity	6	9
Was fortunate, happy accident	3	3
1.1_Explaining differences in income and top income; own income	0	0
2_1 Entrepreneurship; (entrepreneurial ideas)	6	7
2_1 Geography, London	3	3
2_1 Having or spotting opportunities	4	5
2_1 Industry, right profession, your company, career choice (finance; banking; hedge funds, the bar)	11	20
2_2 Arbitrary, intangible, game at the top, ruthless, unethical, unpleasant; cheating, limited nepotism	9	15
2_2 Banking culture, wrong incentives	1	5
2_2 people driving own compensation_always wanting to earn more	3	7
2_2 Short termism	5	5
2_2_ Level of experience	1	1
2_3 People recruit people like themselves	2	2
2_3 Questions_fairness of, reflects on own high income	7	9
2_4 Knowing what's possible, through mentoring, environment	8	16
2_4 social networks, contacts, relationships	15	24
2_Age_difficulty for older workers, they could get paid less	1	1
2_Capitalism	2	2
2_earning to provide for family, children, grandchildren	5	6
2_Genes, genetics; something you inherit	4	5
2_top (own) income not real life; outsite of the normal	5	5
2_z Luck	16	23
2_z By chance	1	1
Being able to get into a position where you have the chance to show that you are good	1	1
Being fortunate to find a job one enjoys, because then you are more likley to do it well	2	2
Background	17	29
2_background influences ambition, opportunity set, can cap own abilities	2	2
2_being helped by capital; family financial support	2	3
2_Circle of wealth, the wealthy can privatley educate children, familiarity with business	2	2
2_spoilt children are not successful	3	4
2_story of rich, spoilt child doing well	2	2
Background enmeshed with motivations and economic value	2	4
Education	18	32
2_education even more important now	3	3
2_education is pre-requisite, difficult without degree	4	6
2_education less important for respondent (was not huge differentiator)	1	1
2_need top 1 percent education; prestigious, top, Oxbridge education, brand name education helps	8	9
2_private school was good, but respondent also decisive about what to do	1	1
2_private schooling is an advantage (in finance industry) as norm	2	2
2_private schooling provides confidence, soft skills, articulation..	7	7
2_there are educational opportunities	1	3
Ethnicity	16	19
2_1 Changed a lot or it is CHANGING, there is more diversity	7	8
2_1 Ethnicity should not make a difference, but maybe still can	1	1
2_2 b more difficult for ethnic minorities, for black women, ethnicity affects opportunities	5	5
2_2 barriers to entry for different ethnicities, unconscious bias, implicit racism	4	5
2_2 Ethnicity is more of a disadvantage than gender	1	1
2_b Difficult to answer because participants are white (middle class) norm, majority	2	3
2_Ethnicity makes no difference	6	6
2_Ethnicity makes no difference but gender does	1	1
2_Participant reflects on own ethnicity	1	1
2_Positive discrimination	2	2
2_Respondent makes racist comments	1	3

Code name	Sources	References
2_self selection, no applications received from ethnic minorities	2	2
2_St There are more Asian, Chinese rather than Blacks or Pakistani	2	2
2_Stereotype Asian and others, numeracy skills, statistical and technical skills	6	6
2_stereotypes counterexamples Asian community in America	1	1
Ethnicity, Gender, Class Intersectionality (white male privatley educated norm)	8	12
2_Diversity, (corporation tries to achieve)	6	12
2_Diversity_Meritocracy recruiting the brightest individuals, international workforces	3	3
2_easier if people fit the mould better (with people who are there already)	1	1
Gender	28	126
1 Changed (a lot or slowly), change in the City, more women in senior roles, working as barristers	12	19
1 Gender of any importance	0	0
2_Gender should not be relevant (but unfortunatley still is)	1	1
2_Gender_more difficult for women (for black women), no equality, women not promoted to top	9	14
2_Gender_states they do not cause barriers (are not implicated)	3	3
2_No blocks or barriers for women, gender not a problem, gender has no impact	7	8
2_No gender discrimination at the bar, in pay, in finance	4	8
2_No impact in entrepreneurial setting, gender does not matter, you start with a blank sheet	1	1
2_Not straightforward question	2	2
2_Women, wonders if there is a gender pay gap in their industry	1	1
2 woman mentions finds it tricky to speak to senior guys in company, women need to be brave	2	2
2_Challenge to recruit females (propoportion CVs), desperate to recruit them, positivley discriminate	8	10
2_Gender and economic evaluation, it is about what is best for the firms success, shareholder value	4	4
2_Man is against quotas	1	1
2_Man is pro quotas	1	1
2_Gender and family	0	0
2_Gender Clash between meritocratic hard work and children	1	1
2_Gender differences combining parenting a career, women more difficult, men can sacrifice home life	2	4
2_Gender_ will hire a nanny	1	2
2_Gender_issue, problem of pregnancy and materinity (pay)	3	3
2_Gender_maternity leave was not an issue	1	1
2_Gender_need one partner staying at home (can be husband, man), otherwise can be bad family	5	5
2_Gender_single earner family	3	3
2_Gender_women to put family first	4	5
2_Men learning how to share demands that children place	1	1
2_Women can choose, gender not restriction, having a family is, women do not have to have children	6	6
2_Women have to make tough choices	1	2
2_Gender_SELF SELECTION, mathematical technical jobs, think hedge funds toxic, not right degrees	9	12
2_Gender_WORK all encompassing_single minded focus needed, wife support; women shared respons.	5	7
2_Industry (hedge funds) is male dominated	1	1
2_Men talking about own male privilege	2	2
2_Mentions PROPORTION of females in their teams or companies	9	10
2_women mentioning female role models	1	1
2_Women to stick together, learn and network with each other, get better at networking	4	5
2_Women underrepresented historically, less opportunity to discuss pay, had to push for their income	1	2
2_Wonders why there are less women at the top	1	1
Gender stereotypes, gendered assumptions	0	0
2_Gender_stereotyping general, different skills	10	14
2_Men confident, advocate for themselves agressivley, great at taking on extra opportunity	3	4
2_Men network better, (old boys) over going out, drinking; not appropriate for women, mothers	3	3
2_Men, authority and weight of those at the top, better able to exert power	2	2
2_Risk taking, difficult for women; domestic support helps	3	3
2_Risk taking, male staff, admire male entrepreneurs	5	7
2_woman respondent doubts themselves, pushes and hence works becomes better	1	2
2_Woman talking about she or he, most likely he	2	2
2_women are more self critical, less (self) confident, (can't be overconfident)	3	5
2_women better managers, better investors, more productive, more flexible	3	3
2_women don't measure success just in money, money is not be all end all, did not pursue career to make money	3	4
2_women find it more challenging to push, to advocate for themselves, to ask for pay rises	2	2
2_women like being number twos, right hand man of a leader, not leaders, work as part of team, add value to teams	2	6
2_women like working for people with moral and ethical pricinples, integrity, team	2	3
Meritocracy	0	0
2_a hard work ethic, smart or efficient work, hard work in general	20	40
2_ability, talent, you need to be very good	5	7
2_ability_top 1 percent, the very, very best candidates are recruited, selective recruitment	4	6

Code name	Sources	References
2_barriers to entry (in hedge funds, for barristers)	2	3
2_barrister process is merits based; fair, but difficult (need top education and degrees)	2	3
2_competition for the limited jobs available, competition in industry	3	3
2_competition increased, bright is not enough, need good CVs	3	6
2_d getting promoted for taking on more responsibility	1	2
2_d_making sacrifices for longer term rewards	2	7
2_Drive to want more; hunger, ambition, determination	6	8
2_EVALUATION financial value_revenue-; market-based; formulas (categorization; metrics + rankings)	18	39
2_company good brand, taking share of value produced	1	1
2_income generators vs service providers	1	1
2_Market be clever about it	1	1
2_Shareholder value, generating strong returns for the end client	5	5
differences between how men and women make evaluation work for them	1	1
differences in evaluation in different industries	2	2
market is headhunters	1	1
2_EVALUATION PERFORMANCE BASED pay, performance culture, incentivisation; motivation	8	24
PERFORMANCE CULTURE pressure, insecure, can be fired for making mistakes, entrepreneur out of business	4	4
2_f questions EVALUATION categorizations (metrics and rankings)	4	4
2_own income based on abstract work	1	1
2_MARKET forces, supply and demand; global competition for staff (economistic)	6	10
2_Risk_High risk, high reward; Deserves own income, as has taken risk (fairness)	7	8
Trade off_work life balance_working 24_7	14	21
Qualities needed	0	0
2_a_resilience, stress resistant, persistence	3	3
2_ambitious, driven, goal-oriented, consistently applying themselves, strategic, tenacious	8	16
2_good common sense, good humour not just straight As, not just technical skills	2	2
2_m Self-starting	5	6
2_motivated, wanted to do things	5	6
2_negotiate salary, being able to advocate for oneself	1	1
2_not be scared of talking to judges, be brave in male dominated industry	2	2
2_not too highly educated; for a trader	1	1
2_Participant (and those at top) would not get job nowadays (due to increased competition)	1	2
2_Q Generalist skills	1	1
2_Quant skills, scientific training and applying it to finance	3	4
2_smart thinking_intelligence_analytical skills_academic results, top education	8	11
2_Social skills, building relationships, soft skills, communication skills, self assured, confidence, intangible	13	19
2_taking risk	4	8
2_Team worker	1	1
1.1_People on low incomes, people in need, poor people	14	21
1.1.2_Median, cannot imagine living on it	1	1
1.1_Poverty as a problem solved in UK	1	1
1.2_Thresholds for high income and rich	0	0
A high income is	0	0
0_A high income is_difficult to say_laughter; sighing, breathing out, pause, asks for clarification	11	15
2_a choice that people make (choosing career rather than work life balance)	6	10
2_a high income driven by tax bands, once you fall into the high income tax bracket, top 5 percent of distribution	4	4
2_a high income is an element, measure of success	3	4
2_a high income is an Incentive to work hard, create wealth and jobs, contribution to firm	2	2
2_a high income is hard work	3	4
2_a high income is i, something to aspire to	4	6
2_a high income is_depends on age; career grade; always gets higher	5	6
2_a high income is_Maintaining a lifestyle; keeping up with peer group	2	4
2_A high income is_relative, subjective, depends on context (lifestyle requirements, location, industry)	20	28
2_being able to save	2	3
2_compares with asset of named indivual (extreme upward comparison)	2	3
2_does not think about it	1	1
2_London_Depends on living cost in London, London bubble	8	10
2_London_does not feel income is high as all goes to morgage	2	2
2_London_has high or reasonable income but not high enough as cannot afford a house in London	1	3
2_London_You can afford expensive cultural items, you earn huge amount but you cannot afford house	2	2
2_Respondent interested in cut-off (for this study)	3	3
2_Respondent is not sure if they have a high income	3	3
2_worry about earning the pounds not counting pennies	1	1
2_would not do job if it was not for the money	1	1

Code name	Sources	References
2_You get used to the money	1	1
lifestyle	5	5
Means not having to worry, about spending, security, no financial stress, do what you like (decadent lifestyle, holidays)	8	15
Money is not a driver (intellectual challenge is), but an aside, not be-all and end-all (if flexible working hours)	2	3
Next generation and the one beyond are comfortable	1	1
Not a number	4	4
Number (income)	19	25
Would be lower if there was not the need to pay for private education fees	3	4
A low income is	9	9
A rich, or wealthy family (person) is	1	1
A rich family is_difficult to say, sighs, hard, interesting question	9	9
A rich family is_easy to say compared to high income	2	2
A rich family_is relative, depends on context (location, London, where in London)	12	17
Deccomodification_not necessary	1	1
Decommodification_wealth to generate income_freedom to work less, rich not want to live off median income	11	13
Definition changes over time_always higher	1	2
Depends on number of children in family (cost of private schooling)	1	1
Depends on property assets (London), increase in house prices	11	15
does not think about assets; assets less important than income	3	3
Freedom and choice	2	2
High net worth individuals have paid off morgage, rich families have property, property ownership	3	4
It is more normal, more necessary to have a high income, be a millionaire	1	2
lifestyle, big house in London, nice holidays, private school, (health care), theatre, restaurants, artwork, wine,	7	13
Liquid net worth is important	1	2
Not a number; state of mind	1	1
Not having to worry about buying things, about spending money, does not think about spending	3	3
Not having to worry about money; (changes definition to comfortable)	3	6
Number (income)	4	5
Number (wealth)	13	15
Prefers definition of comfortable or wealthy rather than rich	1	2
Respondent does not think they are rich (or high up the wealth distribution)	4	5
Would still worry even if participant was rich by own definition	1	1
household vs individual income	18	18
1.3_Recent increases in top INCOME	0	0
1_1 Top 1 percent of income earners are doing better	18	21
1_1 Top income earners not doing as well as they used to as increasing London house prices, private school fees	7	8
1_1 Top incomes have come down (since financial crisis)	4	4
1_1 Top incomes have not increased for all, tiny minority (the super-high earners, the wealthy, are doing better)	6	9
1_1 Top incomes not important; inequality has gone down	1	1
1_1_2 More reporting in the Media, current spotlight on high earners is unfair	3	4
1_1_2 More scrutiny good as financial sector was too big, excessive risks were taken	2	2
1_1_2 More scrutiny, regulation or change since financial crisis, now harder to earn high income	8	12
1_1_2 Part of one percent are squeezed, participant annoyed about discourse of 1 percent, need to break down	2	2
1_2 Top income shares NOT seen as an issue of distribution, top earners do not take away from others	6	8
1_3 Top income earners doing better is not a bad thing	2	3
1_3 Top incomes not morally concerning (there is not a threshold for level that is right or wrong)	2	2
1_4 Concerned about top income earners doing better, it is a bad thing, it causes problems	9	11
1_5 Torn about recent increases in top income	1	1
2_2 Historical perspective it is less unequal now (either this is seen as good, or no moral judgement is made)	2	3
2_2 History, Socially acceptable, imported from US	2	2
2_2 Reflects on reasons for recent increase, taxation, financialisation, social norms	1	1
2_2 Reflects on reasons_share options, incentive bonus culture, greed and excessive risk-taking	1	1
2_3 It could be dealt with politically, but everyone is aspirational	2	2
2_3 Net incomes after taxes matter	1	1
2_3 Now incomes are well spread	1	1
2_3 The .1 percent are the people who make the UK businesses work	1	1
2_3 Top income earners who are doing well are very few people anyway; they are not relevant	2	3
2_3 You should look at tax paid by top 1 percent, trickle down	9	10
2_4 Respondent does not have a view, is aware does not answer question	2	2
2_4 Respondent does not know answer to question	4	5
2_4 Respondent is aware their opinion is biased due to them living in London	1	1
2_4 Respondent states that people should be free to earn a lot of money (if they fulfill obligation of safety net)	1	1
reaction to top one percent in total income is 14%	6	6
Share of top 1 percent in total income is	19	22

Code name	Sources	References
Share of top 1 percent in total income should be	25	29
Share of top 1 percent in total income_it is what it is, its inevitable	4	4
1.4 Recent increases in top WEALTH	0	0
1_1 Top 1 percent of wealth holders are doing better	14	17
1_2 The very top are doing better, not the others (r larger than g)	1	2
2_From historical perspective it is (maybe) less unequal now	2	2
2_Proliferation of magazines, articles about the rich	1	1
2_The wealthy are doing better, current generations gets help, tax planning, inheritance, gifts	1	1
2_When the one percent gets wealthier it does not make others worse off, wealth inequality no have negative effect	2	3
Explanations for recent increases, incl rising property, asset prices, interest rates	8	9
Generational issues, related to increase in (London) house prices	1	2
It is as much about how wealth is used as it is about the share (ref Bill Gates blog post)	1	1
More social mixing now	1	1
Opportunity is what matters	1	1
reaction top one percent of wealthiest 30%, top 10 percent 70%	16	16
Respondent does not know what would be fair but advocates high income and inheritance taxes and see what we get	2	3
Respondents states they do not know answer to question	3	4
Share of top 1 percent in total wealth is	17	19
Share of top 1 percent in total wealth should be	15	18
Share of top 1 percent in total wealth_it is what it is	7	8
Socially concerning but personally thinks if you make money you; next generation should enjoy	2	3
There has been a clampdown on the wealthy people doing well because it is so merits based	1	1
Wealth inequality is concerning, increase in top wealth is wrong, issue social cohesion	2	3
1.45_Fairness	8	9
1.4_2_Fairness of top incomes questioned	7	8
1.45_view that people who make money (are wealthy) deserve it because they work hard and pay a price	3	3
1.45_INEQUALITY	1	1
1.4_2 Can give moral opinion on policy solutions, but there is economic answer to this	1	2
1.4_2 Capitalism better than communism	1	1
1.4_2 Discussion about inequality	2	3
1.4_2 Distinction between barristers and people in law firms (cultural)	1	1
1.4_2 Inequality as such not concerning if people are responsible and ethical	1	1
1.4_2 inequality, wealth differentials much more acceptable if wealth used for community, for philanthropy	2	3
1.4_2 Moral distinctions_deserving and undeserving; Entrepreneur vs trader; banker, employee	6	11
1.4_2 Moral distinctions_industry vs banking	2	2
1.4_2 No moral judgement about inequality	2	2
1.4_2 Preference for more equality (social cohesion)	6	8
1.4_2 Respondent does not have a view	1	2
1.4_2 There is more polarisation, rich get richers and the poor are poorer	1	1
1.4_2 To address inequality, to affect change, we need different people at the top	1	1
1.4_2 Wealth concentration means relative economic contribution is less (wealth not productive)	1	1
1.4_2_Inequality vs poverty; focusing on the bottom is important (or minimum wage)	5	9
1.4_2_Positive aspects; wealth creation; charity; rising tide lifts all boats	4	8
1.5_INCOME vs WEALTH conceptualisation	2	3
2_1 Capital, wealth is more important compared to income	5	9
2_1 Capital, wealth is not so important (income is more important)	2	5
2_1 Different for those people who have assets, income is on top	1	1
2_2 Less problem with top income than top wealth	7	8
2_2 Less problem with top wealth than top income	1	1
2_3 Mismatch between wealth and income in this country, respondent lives in workers house	1	1
2_3 Top income shares decreasing is bad, as people need dream of wealth	1	1
2_Aware wealth more unequally distributed	1	1
difficult to disentangle wealth and income, distinguish between top wage income and top capital income earners	4	4
Income from earned vs inherited wealth	3	4
It is possible to change your position in world, every generation to get opportunity to succeed	2	3
Respondent has high income but cannot afford a nice house in London	1	1
Respondent personally interested in wealth inequality and argues it is more important than income inequality	1	3
Top income shares are productive, or needed as incentives, compared to captive wealth (inefficient)	4	4
Top incomes are more visible (hence bad)	1	2
z_Reflects on OWN WEALTH	1	1
1.6_Self perceptions and reference groups	1	1
Survey Q 1Self-rating	30	30
Survey Q 1Who is doing better than them	21	22
Survey Q Approve or dissaprove of those doing better	11	11

Code name	Sources	References
Survey Q How many financially better off	30	32
Survey Q Income on income distribution	25	25
Respondent interested in where they are on income distribution	1	1
Survey Q Median and top one percent	26	36
1.7_2 Cycle, hamster wheel, rat race	5	5
1.7_2 London changed, influx of international wealth, there is so much wealth in London	2	2
1.7_2 people out of touch, divorced from anyone who is poor	4	4
1.7_2 shocked, respondent surprised about being out of touch	5	6
1.7_2_Specificity of London	11	18
1.7.2_thinks of moving out of London	1	1
1.7_Social COMPARISONS	1	1
Advantage_downward social comparison	0	0
Average person, the population, a lot of people for whom £35-40k is not a low income	6	8
Average wage, income, person on	3	4
c Accountants	1	1
colleagues who are five years younger	1	1
Contemporaries from school	1	1
Families on lower or middle incomes who did not benefit from asset price increases	1	1
Family_family abroad (who might call respondent rich)	1	2
Family_parents	2	2
Family_partners	2	3
Family_siblings	6	8
Friends	7	13
Has contributed more than unemployed person (as a non Brit)	1	1
Has given 2 pounds per person to everyone in the UK	1	1
Has given support to about four families on benefits with their taxes (they have done calulation)	1	1
Medical staff; doctors	5	6
No one in their profession and age group makes more than they do	1	1
Other immigrants globally (domestic workers in Asia)	1	1
Peope where they lived in Essex	1	1
People further down the scale, they probably begrudge the wealth of those who do better than them	1	1
People who aren't from a relativley comfortable background	1	1
Staff	1	1
Those who are not focused on money and have fantastic lifestyle, can be happy without being wealthy	1	1
Disadvantage_upward social comparison	1	1
(Dis)advantage	19	40
(Dis)advantage as incentive_motivator_positive_relaxed about disadvantage, entrepreneurialism to be encouraged	15	29
(Dis)Advantage as prohibiting understanding for wider inequality, for feeling wealthy	2	2
(Dis)advantage as, does not care about people doing better, does not think about it; is not affected negativley	3	4
(Dis)advantage in London, increases peoples desire to be wealthy	1	2
(Dis)advantage_Aware of skew at top of distribution	5	8
(Dis)advantage_Aware perception is skewed (by own industry, by clients, by people in daily contact)	4	9
(Dis)advantage_Life at the bottom of the one percent completley different to .1 and super rich	1	1
(Dis)advantage_respondent has high income but not a lot of wealth	1	1
(Dis)advantage_those who do better make trade offs, are more worried about money	2	5
(Dis)advantage_would only feel inferior if someone at their level in their industry did better	1	1
2_Does not judge people on the basis of whether they make money	1	1
Barristers who earn more money than respondent, who are doing more interesting cases	1	2
Billionaires (philanthropist)	3	5
CEOs (finance and technology)	2	2
City of London	4	4
Client(s) of respondent	2	4
Colleagues who are in investment side of hedge fund, from privileged backgrounds, or on their (trading) floor	3	6
Entrepreneurs; (businessmen), who made a lot of money	11	13
Footballers	4	4
Friends	4	4
Lawyers, head of chambers, QCs	3	3
Lo Popstars, actors, famous people, writers	3	5
Lord, Knight, Rockstar_Duchess of Camebridge, money elite Dames and Dukes (the aristocracy)	5	6
Men have typically done more financially; men who were able to afford houses when only they worked	2	2
Named indivdiuals	4	12
Oligarch	1	2
Other hedge fund managers (founders, CIOs) who are running many billion dollars more	1	1
Other parents at childs school	2	3

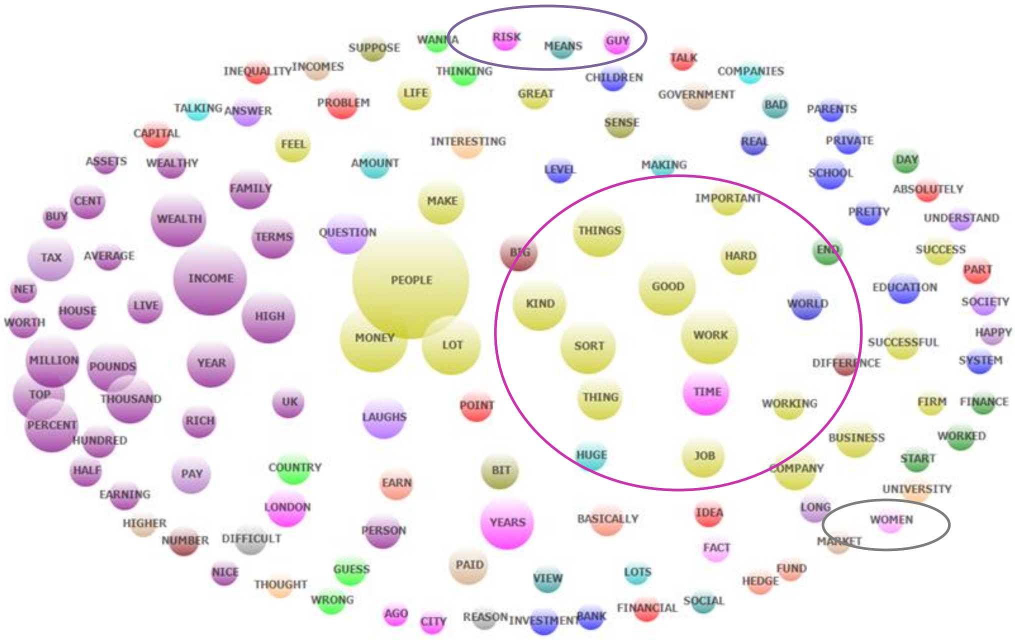
Code name	Sources	References
Other professionals	1	1
People (at senior level in) private equity sector	1	1
People eminent in their fields, medicine, law, judges, nobel prize	1	2
People from established families, whose parents have more money, from privileged background	4	5
People in a different social circles, a social set (gala dinners, black tie events) are of no interest to respondent.	1	1
People on rich list	4	5
People who are smarter, have more glamourous and exciting jobs	1	1
People who do better in terms of wealth, (instead of income)	2	2
People who have influence and power	1	1
People who have made a lot of money	2	2
People who have nicer, larger, more expensive houses, who bought property 5, 8, 10 years ago	5	12
People with fewer money problems	1	1
Flat comparison	1	2
academic, professor, university researcher	1	3
Bankers, those working at Goldman Sachs	2	3
colleagues for whom one million pounds is not a high income (compete with international wealth)	2	2
Family_Parent	1	1
Family_Wife's or husbands family, who have lower morgages (outside london), who are more comfortable	2	3
Footballers	2	2
Friends	2	3
Named individuals (other entrepreneurs, tech start ups)	1	1
Other hedge fund managers, leaders of competitor companies	2	2
Other people on rich list	3	3
Politicians no problem with them being paid more money	1	1
Public service staff; teachers; doctors, people who care for relatives or handicapped children (moral)	5	8
Someone at bank of England (who should live in Kensington)	1	2
1.9 Accumulation, elite thriving Savage	0	0
2_Elite perpetuation	2	4
2_Human nature to always want more; always wanting more	2	3
2_private schooling, public schools	10	17
2_Tax avoidance of the rich	3	5
2_Wealth for the next generations..	2	2
Afraid of losing wealth	1	1
Elite struggle	6	8
Social class, professional social class	4	4
Wealth as difficult_spotlight, right to privacy; income should be private	2	2
Wealth elite instead of aristocracy, 2 now it is better compared to the class system	5	6
Wealth elite we may return to feudal times (like Piketty)	1	1
Wealth, success as responsibility	6	6
Wealthy social class (coded from int 7)	4	5
1.9_Philanthropy	3	3
Critical of Philanthropy; does not work, is for show off	2	2
Decisions by philanthropists or corporates better researched than government decisions	2	2
Incentives for philanthropy or giving away money by the government are positive (tax breaks)	4	5
Neither philanthropy nor government involvment, social attitude needs to change	1	1
Personal charity	2	2
Personal investment in businesses of young people	1	1
Personal philanthropy	5	7
Personal philanthropy, or philanthropy of their business	2	2
Philanthropic people do not give enough compared to US	1	1
Philanthropy as justification for increased wealth differentials	2	2
Philanthropy in additionto state_not instead of state	3	3
Philanthropy may not affect wealth distribution in UK, might try to provide health care in poorer parts of the world	1	1
Philanthropy should be made easier_incentives for philanthropy	2	3
Positive of philanthropy, philanthropy as redistribution	7	7
1.9_Policy solutions	0	0
2_Government has role to play to reduce income differences (but so do society and corporates)	3	3
Does not know how to solve inequality	2	4
Earnings cap (banker bonus cap) good	1	1
Earnings caps are not good	1	1
Education	5	9
Force those with a certain net worth to run a charitable foundation	1	1
Gov Taxaton	4	6
_Not government involvement, but social atittudes need to change, more women in the workplace	1	1

Code name	Sources	References
Private welfare class as discussed by John Hills and Tania Burchardt	3	3
1_ High earners should be taxed more	4	4
1_ High earners should be taxed much more (higher marginal rate of tax, moral reason)	3	6
1_Inheritance and capital taxes are good but need to be applied to all due to competition	1	1
1_Taxation better than charity (hedge fund managers like himself should be taxed more)	1	1
1_There should be high(er) inheritance tax	3	6
2_Against inheritance taxes	1	1
2_Participant is happy to pay tax, even though it is a lot of tax to be paying 47 percent	1	1
Against taxing and punishing wealthy people, against taking from wealthy to redistribute to the poor	2	3
Discusses appropriate income tax rates	3	3
Everybody needs to pay tax, and people should not feel like others are avoiding it	1	1
High taxes affects the disposable income of the person at the lower end of the 1 percent	1	1
High taxes harm the economy	1	1
Historically, high taxation came along with less equality	2	2
If income tax rates too high, over fifty percent including NI, people will look at ways of not paying tax	1	3
If taxes too high (destroys) no incentives; diminishing impact; Laffer curve	7	8
If too high people or their capital leave country	6	6
If too high respondent would leave the country	2	2
Mansion tax bad or not good; (better adjust council tax)	3	3
Participant benefits from being non dom which they think is a stupid, unfair loophole	1	1
Participant does not like paying taxes but aware necessary	2	2
Philosophical reasons for high top marginal tax rates (Rawls)	1	1
Property taxes are difficult because people's high incomes have already been taxed	1	1
Rich need to pay for safety net; taxes not to equalise difference but to pay for what needs to be paid	1	2
Taxation for all British citizens even if they work abroad	1	1
Taxes as punishing hard workers	1	1
There are too many concessions, including ISAs which benefit the well off	1	1
There should be a housing tax	1	1
Wealth should be taxed more (than income)	3	8
Wealth tax_respondents talks about it	1	1
Grammar schools for social mobility	1	2
housing policy	1	1
Immigration policy benefited the rich	1	1
Incentives, aspirations to work hard, to create wealth; create jobs; wealth creators; need to remain	9	18
Government can create incentive schemes for firms taking on additional employees	2	2
Incentives for income are justified, but not for wealth	1	1
Incentives for the poor is what government should do (rather than taxing rich)	1	1
Incentives is conservative blueprint	1	1
Incentives not necessarily cash	1	1
Incentives would still be there even if share of top one percent was lower	1	1
Incentives would still be there even if tax was (much) higher	1	1
Negative incentive if just government redistributes	1	1
Inequality not a problem, but might be indicative of society where rich do not pay enough tax	1	1
Inequality will or may lead to revolution or rebellion	2	2
Legislation not solution; (can't regulate; people will game)	6	7
Market to regulate inequality; shareholders to play role, corporates to play role	4	7
Middle ground	3	3
minimum wages, to ensure minimum rises rather than slapping the top down	2	2
Pay for employees should be in shares, long term and more based on value created	1	1
Pro QE	1	1
Redistribution	6	7
Redistribution good but difficult politically, seeks to understand this	3	3
Right-wing media against redistribution	1	2
Survey 1 gap between those with high and those with low incomes	27	27
Survey 2 government to reduce income differences	28	29
Survey 3 government to redistribute	27	29
1.9_Respondent demographic	0	0
0 Political opinions	4	4
0_other survey items_education	21	29
0_Respondents income	22	23
0_Respondents net worth	26	27
0_Was respondent socially mobile	21	21
1.9_Respondents background	7	9
2 _Anything else that is important	17	19

Code name	Sources	References
Additional industry information	1	1
Reflects on changes in Social norms, which have changed since 2008	1	1
Respondent interested in research method	1	1
Respondent is interested in understanding why inequality cannot be addressed in the UK context	1	1
Whether I draw a distinction between men and women, adds more information in regards to gender differences	1	1
2_Experience of mobility, aware due to parents being teachers, academics	2	3
2_Experiences of social mobility	11	15
3_2 participant concerned about anonymity	3	3
3_2 states my sample will be biased (as only those who suceeded are interviewed)	1	1
3_2 thinks is unusual for hedge fund mangers, thinks opinion is unusual, bias in my sample	2	4

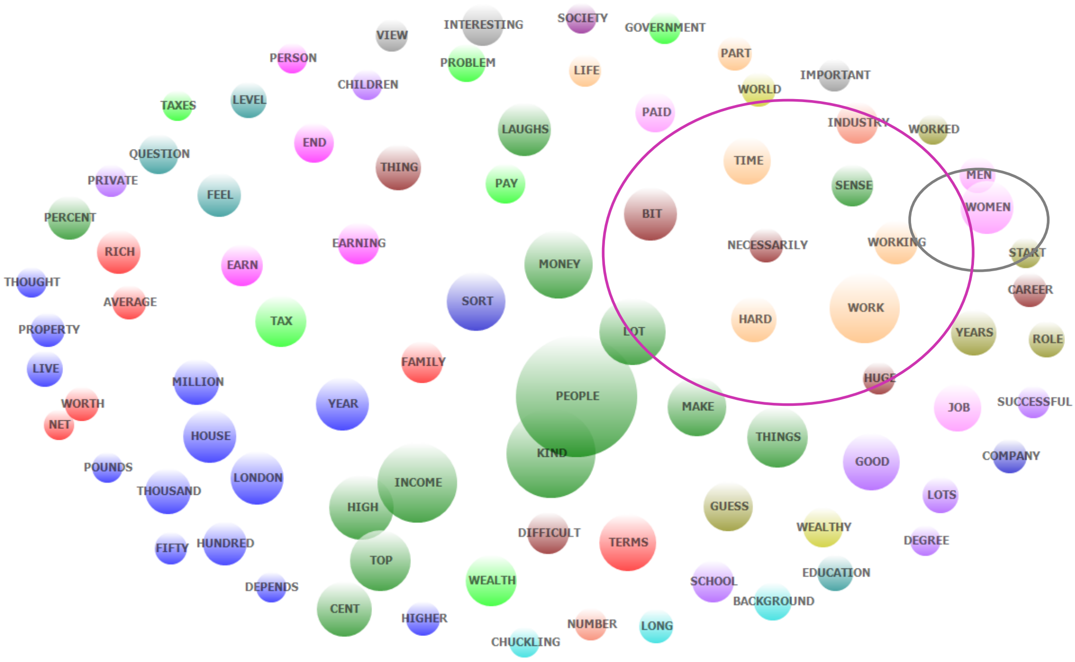
Appendix 4a: Word cloud comparison of male and female participants

Word cloud for male participants (n=22)



Note: Inclusion criterion: case occurrence at least 5; frequency at least 60. Cluster within n = 50 words.

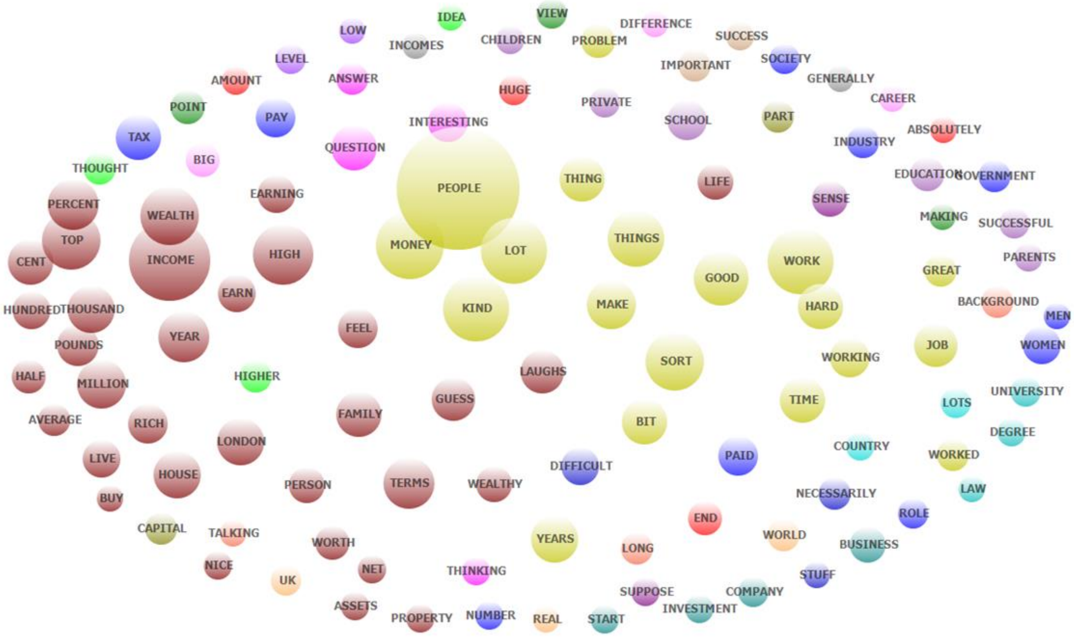
Word cloud for female participants (n=8)



Note: Inclusion criterion: case occurrence at least 3; frequency at least 30. Cluster within n = 50 words.

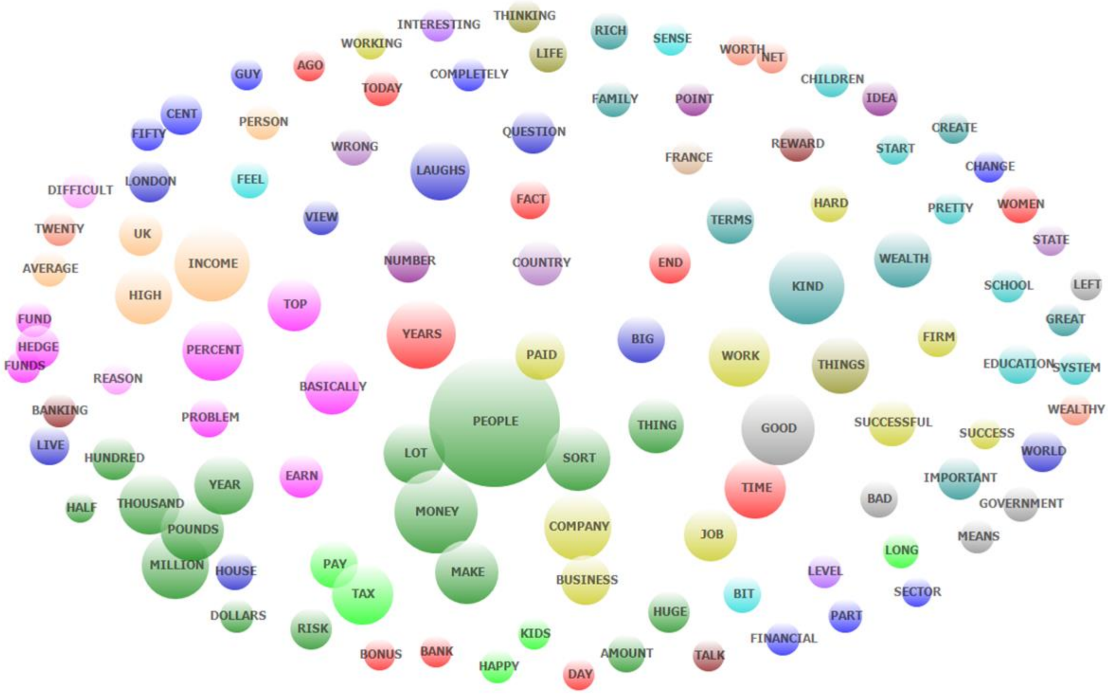
Appendix 4b: Word cloud comparison of income groups

Cluster map income group £140k up to £1m (n= 21)



Note: Inclusion criterion 5 cases and 60 occurrences.

Cluster map income group £1m-£50m (n= 9)



Note: Inclusion criterion 2 cases and 30 occurrences.