Financial Elites and the Social Sciences: The case for studying a 'new' minority

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Abstract

Recent decades have seen the rise of new financial elite in Ireland, as globally. Captured in the popular imagination as 'the 1%', their wealth is directly connected to the processes of financialisation that have characterised and shaped capitalist economies, and contributed to the spectacular growth in inequality over the last decades. Until recently, however, the social sciences, dominated by 'survey analysis' which is ill-equipped to study small groups, and post-structural analysis which posits that power comes from below, have failed to properly account for these groups, or to contribute usefully to public debate. Journalistic analyses, focusing on the 'bad eggs' and wily winners of the economic system have dominated the public sphere, and the popular focus on the 1% has been undermined by a failure to examine the structures, institutions and policies that enabled their rise.

This paper seeks to contribute to the recent and ongoing renewal of elite studies, and make the case for its value in an Irish context. It argues that the social sciences, and the vibrant paradigm of critical realism, offer valuable resources for the study of financial elites that will be relevant to public policy and broader movements for social change. In particular, the critical realist emphasis on 'agents in context', which sees agents-in-institutions as having a mutually shaping relationship with structures, allows us to see how these new elites are both a product and engine of financial capitalism, and growing economic inequality that has characterised it.

Introduction: Inequality, Financial Capitalism and the New Elites

The final decades of the 20th century saw a significant increase in inequality globally, both within and between nations. Whereas the income gap between the 20% of people living in the world's richest countries and the 20% living in the poorest was 30 to 1 in 1960, it had risen to 74 to 1 by the end of the century (UN Development Report, 1999). Income inequality has grown within the world's developed nations too, with an average 10% growth in inequality, as measured by the Gini coefficient, across OECD nations between the mid-1980s and the late 2000s (OECD, 2011). While there was a slight reduction in inequality in the years following the financial crisis, by 2012 levels of inequality were once again soaring, with a 2015 report from Oxfam pointing out that on current trends, by 2016, for the first time in history, the richest 1% of the world's population will own more wealth than everybody else combined.

Social scientists have explained this increase in social inequality in terms of the changing political economy of capitalist societies, connecting it directly to emergence and consolidation of neoliberalism since the 1970s (Harvey, 2005, 2010; Duménil and Lévy, 2004). As the dominant economic doctrine and model, neoliberalism seeks to liberate markets from regulation, shrink the social protectionist role of the state, and reduce it to a legal entity for protecting capital, thereby enriching those who have sufficient money to benefit from these changes. Of particular interest in recent years have been processes of financialisation (Callinicos 2012; Bellamy Foster, 2010), leading some theorists to refer to the contemporary phase of capitalism as 'finance capitalism' (Ingham 2004). As Bell and Hindmoor (2014: 4) explain,

> Market deregulation and liberalisation was a key set of rule and institutional changes which helped produce 'financialisation': a structural shift in the centre of gravity of contemporary capitalism and economic exchange, shifting it more into the financial orbit (Epstein 2005; Dore 2008; Krippner 2011). Financialisation has been marked by massive growth in the banking and financial sectors relative to the real economy; the growth of new financial instruments and markets; the rapid growth of debt and the proliferation of asset price bubbles; and the growing globalisation and interconnectedness of financial markets.

Part of and sustained by the neoliberal paradigm, financialisation strives towards the monetisation of all social actions and transactions (Lapavistas, 2013). Far from simply lubricating the wheels of industry and commerce, finance has become an enormous economic sector itself – in fact, this highly volatile and speculative financial sector now dwarfs what we refer to as the 'real economy' in terms of the volume and magnitude of transactions it contains (Bello, 2008). As Blackburn (2006: 42) puts it, '[i]t is not household names like Nike or Coca-cola that are the capstones of contemporary capitalism, but finance houses, hedge funds and private equity concerns, many of which are unknown to the general public'. Indeed, in line with the neoliberal tendency to protect capital – including financial capital – over social infrastructure, these banks and finance houses were bailed out at massive cost to those ordinary citizens working in and depending on the 'real economy', when they were deemed 'too big to fail' in the financial crisis of 2007-08.

These finance houses and the financial instruments they control have massively enriched segments of the global population at the expense of others, both prior to, during, and after the global financial crisis. Bellamy Foster and Holleman (2010: 2) argue that 'the financialisation of US capitalism over the last four decades has been accompanied by a dramatic and probably long-lasting shift in the location of the capitalist class, a growing proportion of which now derives its wealth from finance as opposed to production'. Captured in the global popular imagination as the 1%, this group has only recently come to be named in the literature as the new 'financial power elite' (Bellamy Foster and Holleman, 2010: 2), or simply the 'financial elite' of global capitalism (Elliott and Atkinson, 2009). Although overlapping to a certain extent with other elite groups, this elite group seem to be distinctive for the manner in which they have accumulated or augmented their wealth; namely through capitalising on the new financial innovations that have been so instrumental in the consolidation of financial capitalism, including derivatives, hedge funds, credit default swaps, and aggressive tax avoidance measures.

Ireland has been no different in terms of these developing trends – in fact, we could say that Ireland is something of an 'ideal type' or a case study, ripe for analysis. From 2002 to 2004, Ireland was ranked the most globalised country in the world (A.T. Kearney/Foreign Policy 2004). While this was – and continues to be – celebrated by politicians, business leaders and the national media, who interpreted it to mean that Ireland and its industrial policy was a beacon for investment, jobs creation and growth, this clearly missed the real – and dubious – significance of holding the title of 'the most globalised country in the world'. As has become increasingly apparent since then, Ireland had become a central hub for global finance, and was 'globalised' to the extent that money flowed in and out of its borders without ever staying there – excepting, of course, the bank accounts and holdings of large investment houses, accountancy firms and wealthy individuals who skimmed off the top (Murphy, 2010). Ireland's taxation policy was restructured over the 1990s and into the 2000s, attracting foreign investors and speculators, and encouraging home-grown financial enterprises, resulting in the aggrandizement of the Irish banking, shadow banking and property sectors. Complex mechanisms like the 'Double Irish' and secretive tax deals, like the one currently under investigation by the European commission between Apple Inc. and the Irish State, meant that many large corporations, resident here for tax purposes, were not even paying the headline corporate tax rate of 12.5%, and often far below it (*The Financial Times*, Sept 30th 2014). An enormous accounting, auditing and tax management and advisory industry grew up around this phenomenon (Cecchetti and Kharroubi, 2012)[1], leading to the serious enrichment of certain sections of the Irish middle and wealthy classes, who pumped their own excess income into fee-paying schools and second or third properties, as well as back into the financial markets themselves through hedge funds and investment banks (Smyth, 2009; Lynch and Moran, 2006). As is now the stuff of contemporary cultural legend, Ireland developed its own 1% of helicopter flying, property-flipping, business-men who did unchecked business on the 18th hole.

In an Irish context too, this new financial elite have enriched themselves at the expense of the general citizenry. Prior to the financial crisis and economic recession, as is well documented, Ireland exhibited the phenomenon of growth with inequality (Kirby, 2002; Douthwaite, 2000; Nolan et al, 2000; Allen, 1999), as policy changes and social partnership agreements meant that 'the corporate elite…won considerable freedom to raise productivity, restrain wages and pursue an agenda that transfers resources to them' (Allen, 1999: 42). But more recently, the financial sector has become central to the growth of inequality in Ireland, as the bank bail-out, the creation of NAMA and the IBRC, the proliferation of 'brass plate' companies in the IFSC and along Sir John Rogerson's Quay, and the replacement of the 'Double Irish' with the 'Knowledge Development Box', have all further enriched the 'entrepreneurial' classes while impoverishing the Irish social infrastructure in the name of necessary austerity and international competitiveness. While unemployment, poverty and despair have increased significantly since the onset of the economic recession, the wealthiest 300 people in Ireland now hold €80 billion between them in income and assets, representing an increase of €30 billion over their holdings pre-crisis (Credit Suisse, 2014).

Hiding in Plain Sight? Social scientific and public awareness of financial elites

Despite this troubling emergence of new financial elites, the social sciences have been remarkably slow to study them. As a recent conference on economic elites in Europe noted: 'although the study of economic elites and their recent transformations seems to be an urgent task, research in this area – with notable exceptions – has been relatively rare and the main approaches are isolated from one another.'[2] While cultural and intellectual elites remain on the academic agenda, thanks in no small part to the work of Pierre Bourdieu (1984, 1996), 'financial elites' have received far less attention than might be expected, given their power and prominence on a global stage. This is true both in an Irish context, and more generally. At one level, this may be explained by the fact that the new financial elite have been notoriously hard to identify or capture statistically, thanks at least in part to

[1] During the five years beginning in 2005, Irish financial sector employment grew at an average rate of 4.1%, by far exceeding the European average (Cecchetti and Kharroubi, 2012: 12)
[2] See http://wp.unil.ch/economicelitesineurope/

their related capacity to hide their money in off-shore bank accounts and avail of the ever-growing number of 'protections' and 'special purpose vehicles' afforded to them by tax havens or 'secrecy jurisdictions', another feature of financial capitalism (Murphy, 2010). In addition, individual members of the financial elite have been difficult to pin down for taxation and measurement purposes, because they routinely choose a tax-exile status – like the companies they own shares in and the finances they speculate on, they are in many ways 'stateless'. It is only very recently that we have seen concerted and successful efforts to capture statistically the wealth of the new super-rich – most prominently by Piketty (2014), who, building on his earlier work with Saez (2003, 2006), used innovative methods involving historical tax records not only to identify the growing proportion of wealth held by the top decile in advanced capitalist nations, but also to show that this was inevitable and bound to intensify in a context where the rate of return on capital is greater than the rate of economic growth. Indeed, partly on the basis of Piketty's findings, economic inequality was declared one of the defining social problems of our time at the 2015 World Economic Forum meeting at Davos – though the likelihood of their addressing the problem of financial elites themselves, in particular given the constitution of the participants – seems slim. Furthermore, despite Piketty's innovative methods, attempts to measure and account for the wealth held by the richest in our societies – including Ireland – continue to be stymied by lack of available data, and the unchecked flourishing of 'secrecy jurisdictions' which distorts the data that *is* available. The old adage that 'you know you are truly wealthy if you are *not* on Forbes richlist' is not yet entirely untrue.

Beyond accountancy and measurement problems, there may be other, deeper reasons why the social sciences have not, as a whole, adequately addressed the problem of financial elites. Savage and Williams (2008) have argued convincingly that this social scientific failure to study elites is in the main a result of a 'pincer' movement in the social sciences, towards 'survey analysis' which is ill-equipped to study small groups, and a post-structural analysis which posits that power comes from below. We may add to this the fact that, until recently, the main point of entry for sociologists eager to study global changes in capitalism, has been the concept of 'globalisation', which gives rise to a tendency to focus on technological changes, the role of multinational corporations and the existence of transnational capitalistic processes and institutions to the exclusion of the powerful classes – and individuals – driving these changes. Leslie Sklair (2000, 2002) has made a useful intervention into the inadequacy of theories of globalisation to account for elites with his emphasis on the transnational capitalist class, but this kind of work has been the exception rather than the rule – and the concept of a financial elite does no work in his analysis. We may also conjecture that the proclivity of 'leftist' social scientists, who would be politically motivated to study elites, to prefer structural analysis to any analytical attribution of power to specific individuals (seeing this, perhaps, as journalistic, or indicative of a methodological individualism) has contributed to the anaemia of elites studies in recent decades.

In addition, and not unconnectedly, there has been a misleading or myopic portrayal of who actually occupies an elite position or status in popular and public discourse, and as part of this, a misrecognition of the new financial elite. In an early and prescient contribution, Thomas Frank (2002) showed how economic and corporate elites have managed to portray themselves as 'pretty straight guys', as part of a bigger discourse of market populism which depicts those in any way opposed to market forces as the *real* elites. In a British context, Du Gay has similarly shown how explicitly anti-elitist discourses are directed primarily at political and public sector 'elites', who purportedly use their unearned privileges to govern the masses undemocratically, differentiating these from the actually existing and growing group of financial elites, who use the new discourse of 'anti-elitism' to distract from their own power and privilege. What these studies show is that, by construing the market as itself intrinsically anti-elitist, these new financial elites are able to at once deny their own elite status, while encouraging those forms of social restructuring that contribute to their own extraordinary wealth and power. As du Gay points out, 'Clearly, these elites will not lack power simply because they refuse to see themselves, and are not seen by others, as elites. Quite the opposite. Like Keyser Süze in the film *The Usual Suspects*, it is possible, I want to suggest, to get away with an awful lot if you can convince people that you don't actually exist.' (2008: 81).

My own research bears this out in an Irish context (Moran, 2015). A study of Irish newsprint media from 2010 to 2014 revealed that there is poor recognition of elite groups in Ireland, and in fact, a tendency for financial elites – significantly implicated in the crisis and the decisions around its 'resolution' which saw many of the costs transferred onto distinctively non-elite segments of the population – to hide in plain sight. My research showed that while the term 'elite' is commonly used to refer to powerful groups who are perceived to have achieved and maintained their wealth or influence through networks and unfair advantage rather than merit or desert, it is relatively infrequently used to refer the super-rich of Irish society. Instead the term elite is reserved mainly to refer to politicians, and when it is used to refer to the financiers and developers, it is regularly in conjunction with other supposedly elite groups in the political system and public service, in a way which masks the full extent of their power. Where the super-rich of financial capitalism are discussed, it is often, following patterns elsewhere, outside of a discourse of elitism (and sometimes in direct opposition to it) – again, they tend to be portrayed as hard-working, meritorious, savvy, jobcreating *non*-elites. This is connected to a marked growth in market populist discourses that explicitly equate democratic governance with the free market, and assert that the will of the people can only be achieved through the liberation of market forces from the 'red tape' of the state, the 'vested interests' of the trade unions, the 'inefficiencies' of the public service, and unsustainable costs of the 'welfare scroungers' – the poor, unemployed and migrant populations. These elisions and alignments in discussions of different 'elite' groups, and the broader discourses of market populism and public sector inefficiency within which they are embedded, serve to mask – and ultimately justify – the existence and power of financial elites in an Irish context.

Of course, popular awareness of and resistance towards financial elites has grown with the emergence of the Occupy movements, which emphasised both the existence of the so-called 1%, and the power of such wealth concentration to subvert the very foundations of democratic societies. However, this popular focus on the 1% has not been mainstreamed in an Irish context, with a 2015 poll showing that the Irish public dramatically underestimated the wealth divide between the richest and poorest fifths of the population, and even more dramatically under-estimated the holdings of the top 1%.[3] More problematically still, the Occupy movement and popular attention it called to the '1%' has not been accompanied by a coherent or programmatic attempt to examine the structures, institutions and policies that enabled their rise, thereby weakening the analysis. At any rate, the Occupy movements have collapsed in the face of both internal and external pressures, and it remains to be seen whether Chomsky's (2012) claim that the occupy movement represents the consciousness-building phase of a new anti-capitalist mass movement to come will be borne out.

In popular, political and academic contexts, then, we could argue that that while there is certainly growing attention to the new financial elites, efforts to understand and challenge their power have been patchy, and wholly inadequate to the magnitude of the task at hand. At an analytical level, we could argue that there has been a general failure (with some exceptions) to properly make the connections between the changing shape of capitalism and the new existence and power of financial elites. This is significant, not only on its own terms but also because it contributes to a worrying and self-evident failure to properly address the growing inequality of resources and power, and the hollowing out of democracy, that characterises 21st century societies.

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[3] The results of a Red C poll of 1,000 people, commissioned for the RTE documentary 'The Great Wealth Divide' aired on September 21st 2015, showed that, on average, people estimated that was that Ireland's richest 20% had 60% of the country's wealth and that the poorest 20% had 11%, when the reality is that the richest 20% in Ireland actually own 73% of the country's wealth and the poorest 20% own just 0.2%.

It is in this context that I want to make the case for a renewal or invigoration of elites studies within the Irish social sciences. Given the centrality of finance to the Irish economy, and the general public and political failure to adequately identify the existence or malign influence and power of financial elites, uncovering and addressing the role played by financial elites in the growth of inequality in Ireland over recent decades is – or should be – an important area of concern and attention for the social sciences. Beyond this, though, if Ireland is the poster-boy of Europe, now in this period of 'successful austerity' as it was previously in its 'Celtic Tiger' years when its reliance on property and loans inflated and distorted the economy, leading to a point of crisis 'resolved' by the largest bank bail-out in history (Taft, 2015), then any social scientific attempt to understand the role played by financial elites in both periods has relevance far beyond an Irish context. A renewal of elite studies in the Irish social sciences, with a particular focus on financial elite, can not only shed light on extremes of wealth and inequality in Ireland, but on the actors and mechanisms driving this, in all advanced capitalist neoliberal societies.

Who are the Financial Elites? Towards a critical realist programme of research

Despite the absence, until very recently, of a sustained attempt to study the rise of the new superrich and powerful of financial capitalism, things were not always so, and in fact, the social sciences have a rich history of studying not just inequality, but also elites (Bottomore, 1993 [1965]; Dahrendorf, 1959; Domhoff, 1967; Mills, 1956; Mosca, 1939; Pareto, 1935). Perhaps most prominently, C. Wright Mills, working in the Weberian tradition, added considerably to sociological understandings of elite and elite formation in his analysis of the 'power elite' of American society during the 1960s, which he saw as made up of those occupying 'the command posts' in politics, industry and the military. Mills argued, in the best tradition of elite studies, that an understanding of elites cannot be separated from an understanding of how power works, both theoretically, and in concrete terms in given social and historical formations. Therefore it cannot be dissociated from structural analysis, as there are no elites without structures of power, and conversely, no structures of power without elites. Returning to this earlier work is both valuable and problematic – while Mills' emphases on the relation of elites to the structures that enable them and the power of elites to subvert democracy are instructive, it is also clear that the political economic context has changed so much that the 'power elites' of Mills analysis are only partially recognizable. Furthermore, while older Weberian conceptions of control elites, whose power derives from their occupation of positions of power at the top of corporate, state or religious institutions, continue to have relevance, they are nonetheless unable to capture the character, power or workings of the new elites of financial capitalism (Froud et al, 2006: 7).

As such there can be no simple 'updating' of the work of these earlier elite theorists, but rather must be an effort to bring their insights and theoretical tools to bear on the contemporary context, building in particular on their recognition that elites can only be understood within the systems of power which constitute them. As Scott (2008: 33) argues in his elaboration of a new framework for categorising and understanding elite groups, since 'in its most general sense…"elite" is most meaningfully and usefully applied to those who occupy the most powerful positions in structures of domination…[e]lites can be identified in any society *by identifying these structural positions.'* (my emphasis). Given the power and dominance of the financial system today, it seems incontrovertible to suggest that efforts to understand contemporary elites should begin by looking to those who occupy positions of power within this system, rather than to only public sector, cultural or political elites. Indeed, this emphasis has been a key element of the programme of research proposed by Savage et al., and since their call for a renewal of elites studies generally, they have contributed significantly to our understandings of financial elites in particular. Since 'financialization provides a point of entrance for understanding changing elite fortunes in our time' (2008: 4) they argue, social scientists must – in the spirit of the best of social science – make analytical and causal connections between the evolution of finance capitalism and the emergence of new financial elites today.

A primary and general task then is to define this financial elite, more robustly than has been done heretofore – and indeed, this is something on which a number of new elite theorists have been working. However, many theorists continue to use the term heuristically, as indeed I have done in the first parts of this paper – after all, in many ways the term 'financial elite' seems self-evident. This approach would be fine, except for the demonstrable capacity – as I have shown – of the superrich of financial capitalism to hide in plain sight, both discursively and in accounting terms. Thus the primary definitional task cannot be separated from the analytical and explanatory tasks that are often assumed only to follow. I want to now suggest that the dynamic paradigm of critical realism provides valuable resources for defining, identifying and explaining the new financial elite, that has utility both across disciplines and in interdisciplinary analysis. I will begin by briefly outlining the key advantages of the critical realist paradigm, and how this may both suggest new avenues of inquiry across the social sciences, while also contributing to and enhancing work on financial elites already in motion there. In addition, I will draw attention to the particular value of an Irish case study to this programme of research.

Critical Realism is often understood as a philosophy of social science, though it has been suggested that it is better understood as a philosophy *for* the social sciences. In fact, Critical Realism sees itself as an 'under-labourer' for the social sciences, in the sense that, as Sharp explains, it 'contributes both to clarifying the "what" questions and to some initial strategies for trying to answer the "why" questions…while it is not in itself a social science […] it provides very useful and fertile starting points for orienting the researcher to ways of conceptualising what there is to study and for setting up productive and exciting research designs' (1999: 12). This is because critical realism expounds a particular social ontology that offers a rich alternative to those espoused or implied by the three dominant research paradigms of the social sciences, namely, positivism, interpretivism and constructivism (Gorski, 2013). Critical realism upholds the general realist proposition that there exist objects, conditions, phenomena and events which are independent of our perceptions of them and the language we use to discuss them, while at the same time – hence the 'critical' – distinguishing within this between linguistic and non-linguistic phenomena, or what it refers to as 'transitive' and 'intransitive' dimensions (Archer, et al. 1998 ; Sayer 2000). Furthermore it promotes the idea of a 'stratified ontology' that distinguishes between the 'real' (the level of structures and causal powers), the actual (the level of events), and the empirical (the level of experiences) (Bhaskar, 1979). While this social ontology offers key resources for explanatory and critical programmes of research (for reasons which, unfortunately, are largely too complex to explain here), I shall now focus in on two key features of the critical realist paradigm that I believe have particular utility for addressing the question under consideration here.

Firstly, there is the contention that both human agency and social structure exhibit causal powers, that interact with each other in complex ways. As Archer (2000: 465) argues, structures have causal power but 'structures only exert an effect when mediated through the activities of people.' This is because people – human agents – are 'bio-psycho-social' entities, with emergent powers of intentionality and the capacity to act (Gorski, 2013). At the same time, however, as Gorski (2013: 668-9) points out, 'social structures have agency, an agency that transcends and influences the intentions of the individual agents that co-constitute them.' This means that there is no structure/agency 'problem', as the causal powers of each enables and depends on the other. Bell and Hindmoor develop this relational idea further with the 'agents in context' approach, which sees agents-in-institutions as having a mutually shaping relationship with structures. For them, institutions mediate the relations between agents and wider structures.

Secondly, and relatedly, there is the contention that, given the openness of the world with its stratified ontology, causation is necessarily plural and contingent. As Sharp (1999: 12) writes, 'it is immensely useful for the social scientist at least to start off with the assumption that you are not going to find just one cause producing one effect. What is likely to be happening is a whole lot of causes interacting with each other, often in very complex ways, producing a variety of effects in different circumstances.' For critical realists, causation cannot be inferred from a regular or patterned sequencing of events, for as Sayer posits, 'what causes something to happen has nothing to do with the number of times we observed it happening' (2000: 14). Explanation, therefore, should not seek to uncover general 'laws' but should focus on the power of natural or social structures, as these themselves are activated and animated by agents-in-context. Explanations of causality, therefore, within the critical realist paradigm, depend on 'identifying causal mechanisms and how they work, and discovering if they have been activated and under what conditions' (Sayer, 2000: 14).

This critical realist approach is ideally suited to the study of elites in financial capitalism. It allows us to move away from a hyper-structuralist or functionalist approach, which, in examining the rise of financial capitalism, gives absolute priority structural forces, with the effect of obscuring the actors who both ride and benefit from these structures. In contrast, it prompts us to identify the actors and benefactors who make the decisions and hold the power in this system, and who can enrich themselves so enormously as a consequence. But in so-doing it equally moves us away from an individualising focus, which in the context of this field of research, tends to amount to a focus on individual bankers and financiers, to the exclusion of the context that enabled their 'rise', which they, in their ascendency, have in turn promoted and facilitated. Thus critical realism not only helps us to see that agents perpetuate and promote the structures and institutions that created the conditions for their agency in the first place, but also provides the sound methodological means to do so. In terms of identifying the powerful financial agents that are the subject of this investigation, then, there are two aspects. Firstly, we must investigate how they create financial institutions and instruments, control or heavily influence decision-making in the realm of finance (including the negotiation of trade agreements, and the overseeing and influencing of banking and financial 'regulation'), and how they gain access to or control over the money supply (via loans and debt instruments). Secondly, we must investigate how they legitimise these institutions and decisions, and relatedly, their elite status. These actions at least in part help create and solidify the structures of financial capitalism, which have causal powers themselves, independently of these agents' actions.

Critical Realism therefore allows us to combine the earlier elite studies emphasis on the power held by a small group with new understandings of the mechanisms of financial capitalism. The CR approach draws our attention to the clear connection between evolution of the system and structures of financial capitalism, and the emergence of a new wealthy group who acquired or augmented their wealth through creating and/or capitalising on the new financial innovations that have been so instrumental in the consolidation of financial capitalism itself. We see that these new elites are both a product and engine of financial capitalism, and growing economic inequality that has characterised it. This analytical approach directs our attention not to the 'superrich' per se, but rather to that portion of the superrich who are both the benefactors and drivers of the financialisation of capitalism in particular. This may not be to the liking of those who are concerned primarily with the unequal distribution of wealth, regardless of how it was acquired – but then, this CR approach does not work against this, merely enhances our understanding of that significant proportion of the superrich who have acquired or augmented their wealth as part of the financialisation of capitalism.

However, what this approach also demonstrates is that in examining these connections, we should not simply focus on the very wealthy, but also the very powerful in this system – the hedge fund managers, corporate executives, senior accountants and financial traders and 'innovators' – who quietly manage the financial systems of global capitalism, and who aspire to join the ranks of the 1%. Blackburn (2006) astutely refers to these financial intermediaries as 'the agents of "grey capitalism"'. There is empirical evidence of their enrichment too, for as Bellamy Foster and Holleman (2010: 11) point out, 'What we could call the "financialization of the capitalist class" in this period is reflected, not just in the growth of financial profits as a percentage of total corporate profits […] but also in the increase in executive compensation of the financial sector, relative to other sectors of the economy'. However, departing from the assumptions of a traditional class analysis, these financial intermediaries do not need to own property or capital – rather as managers or other types of intermediary, they are powerful because they control the flow and direction of capital, and because they can, by virtue of their access to credit and loans, make money on the trades and transactions. So while popular political attention focuses on the 1% - or even, the 0.0001% that make up the super-wealthy global elite who control between them almost half of the world's resources, it is more useful and accurate from a critical realist perspective to use the term financial elite to capture that group who have benefited enormously from and driven the financialisation of capitalism – from the financial intermediaries who manage hedge funds, and the tax advisors who manage the 'outgoings' of the super-wealthy and influence government policy around taxation, to the super-wealthy beneficiaries of all of this.

On this basis, then, I would like to propose a working definition of the financial elite as that group of people whose wealth and power derives primarily from their ownership or management of financial assets, and who exert important control or influence over the institutions and corporations of financial capitalism. This critical realist or 'agents-in-context' approach means we must extend our analysis far beyond Marx's owners of capital or Piketty's inheritors of wealth to include powerful financial intermediaries when examining elite economic power today.[4]

Cross-Disciplinary Analysis of the Financial Elites

Deploying critical realism as it is intended – that is, as an under-labourer for the social sciences – provides a way of connecting what might remain disparate and isolated analyses of financial elites across sequestered disciplines in the social sciences. To finish, I want to briefly canvass some work ongoing across the social sciences, that might usefully be combined and developed as part of a coherent, inter-disciplinary and critical realist programme of research on financial elites.

Within the broad field of Economics, Piketty has led the way, providing empirical evidence which demonstrates the existence of a wealthy 10%, and within that, an extremely wealthy 1% and even wealthier 0.01%. According to Piketty's data and analysis, contemporary forms of inequality are returning to levels last seen in the late 19th century Belle Epoque, where the super-rich do not earn their money in any meaningful sense of the word, but accumulate it through inheritance and returns on pre-existing capital in the form of assets, property and stock. Inequalities in wealth by far outstrip inequalities in income, with an extreme spike in this inequality at the very top – in the 1% or 0.01% of the population usually considered as outliers in survey analysis. However, as Savage points out, Piketty's simple equation, r>g, 'can only be understood as an empirical generalization inductively derived from the mass of data gathered here' (2014: 593). It is only a causal account insofar as it descriptively captures a tendency within capitalism, and so we may largely deduce that capitalism is 'the cause' – beyond this, 'there is no league table of causal variables explaining wealth

[4] In Ireland, as already noted, a huge accountancy and legal industry has developed around corporate tax avoidance strategies – what McCabe has refered to as 'the men who walk between the raindrops'. While they may not occupy the '1%', nor figure as a target of public anger or resentment as many of the more high profile financiers do in an Irish context, they nonetheless should be considered financial elites, enabled by and contributing to the system of financial capitalism that has wreaked such havoc on the Irish economy and social infrastructure. By identifying them as the financial elite, they may actually receive at least some of the public, political and academic attention they deserve.

accumulation which pop out at the end of the book' (ibid: 594). Further analysis is required from a critical realist perspective, and in terms of enhancing our understanding of the financial elite, as I have defined them, the extent to which the super-rich are augmenting their pre-existing or inherited wealth through financial speculation, 'innovation' and know-how is key question for analysis (and indeed, one noted by Piketty (2014: 521-4)).

There is other work ongoing within the field of economics that has the potential to contribute to our understanding of financial elites as set out, and that may be enhanced by the application of a CR perspective on structure and agency. In particular, in an Irish context, we should ask and investigate: What are the connections between the policy-setting around taxation, the large legal firms, and Irish tax policy? Is Ireland a tax haven, or a secrecy jurisdiction? How has it achieved these features? Who benefits? Here James Stewart (TCD) and cono McCabe (UCD) are arguably leading the way, though more research remains to be done.

Within the field of politics, or more specifically, moral economy, there is much to be gained from returning to older conceptual distinctions between 'earned' and 'unearned income' (Smith, 1776; Sayer, 2014). Drawing on these, Sayer refers us to the rentier class, made up of those who 'derive unearned income from the ownership of existing assets' (2012: 168), and then includes within this landowners, bankers (who make interest on loans) and those who own the means of production (who accrue surplus labour as profit). He adds speculators and share-holders and financial intermediaries to this classic list, arguing that 'the financial intermediaries have been a major but hidden beneficiary of financialisation, overlooked by those who limit their gaze to bankers or CEOs. High-income but largely anonymous financial intermediaries far outnumber the much-publicised CEOs' (p. 170-1). Sayer astutely points out that these financial intermediaries may not see themselves or be regularly understood as part of the 'rentier class' because most of them are in full-time employment. Indeed in popular representations of what these 'pretty straight guys' (financial intermediaries) do, it is always 'hard work' – early starts, late meetings, clear minds and morning jogs. Sayer thus refers to these as 'active' rentiers of contemporary financial capitalism, who 'may actually have to work hard' seek out the highest speculative gains in a global market, and who do not just sit back and wait for rent payments. But he powerfully uses the earned/unearned distinction of classical PE nonetheless to show that the income they accrue remains 'unearned', as they just use 'existing assets to prise payment out of others' (2012: 174). These distinctions and analyses from moral economy can, of course, not only inform and complement studies in the actual accounting of the wealth held, as the grounds for focusing on unearned rather than earned income is further clarified and justified, but can also be deployed to challenge dominant media celebrations of the wealthy and how the 'made' their money.

Sociology has had, of course, the most to say historically on the question of elites. But its older understandings of elites as occupying the top of a chain of command, or as at the centre of exclusive clubs, need to be rethought, as arguably, the power of the financial markets now dominates the older institutions of church, state, education and culture. ‘In this respect the continued rhetorical identification of elites with ‘old boy networks’, the ‘establishment’, or ‘inner circles’ is deeply unhelpful – and is one more instance of how elites research has been stultified by those who know the answers to the questions before the empirical research has been done.’ (Savage and Williams 2008: 15). However, as Paul Mason, economics editor of *BBC Newsnight*, intuits, ‘Fortunately, even if it is hard to theorise, the power elite of freemarket global capitalism is remarkably easy to describe. Although it looks like a hierarchy, it is in fact a network. At the network’s centre are the people who run banks, insurance companies, investment banks and hedge funds, including those who sit on the boards and those who have passed through them at the highest level.’ (2009: p.136-8). (See Wedel (2009) on ‘the shadow elite’ for an interesting development of this line of argument that focuses on ‘flexible networks’ and the ‘flexians’ who create and occupy them). Attempts to study new networks of financial elites may involve, but need not entail, a class-based analysis. Interestingly, Piketty’s work suggests that a class analysis may *not* be the most useful here, as his contention that it is accumulation, rather than exploitation, that is at the heart of the capitalist dynamic means that the financial elite do not need to behave as a class, nor exhibit other class characteristics, including a class consciousness, in order to prosper.

Identification and analysis of the new financial elite should be accompanied by an analysis of the values, beliefs and discourses that either obscure or justify their elite status, and here cultural studies and critical discourse analysis are valuable. Exploration of media and political discourses around elites is important, not alone for what it tells us – or hides from us – about these new wealthy financiers, but moreover for what it tells us more generally about attitudes to and evaluations of financial markets, wealth, and social inequality. The way in which the very wealthy are revered and celebrated, or indeed, hidden and protected, has implications for other groups – often referred to as ‘minorities’, but more appropriately understood as the great majority – whose poverty and oppression is structurally related to the wealth and power of the 1%. The role of the media portraying the financial elite in a particular way, and in encouraging particular evaluations is significant, as it directly or otherwise influences popular thought about the legitimacy of such forms of wealth extraction, and the shape of the society built (or crumbling) around this. Indeed, there is already some counter-intuitive evidence of popular resistance to policies that would curb the wealth extracting capacities of the super-rich – which we might assume would automatically follow from a simple revelation of their wealth – with a recent study of attitudes to taxing the very wealthy in 18 OECD countries noting that ‘elitist views and behaviour are now seeping into the mainstream, so that even the poor are heard to call for lower taxes. That is how deep the confusion goes’ (Dorling, 2014).

Again, insights from moral economy can be brought to bear on these investigations into the justificatory or obfuscatory discourses which prevail. Sayer (2012: 166-7) distinguishes between three common forms of justification or evaluation: those based on ‘need’, those based on ‘desert’ and ‘consequentialist justifications which appeal to the ultimate economic benefits of particular kinds of role or activity’. The latter two justifications are strongly in evidence in these discourses surrounding what I am calling the financial elite – emphasising desert where it plays upon notions of the hard-working entrepreneurs, and consequentialism where it plays upon the idea of these super-rich as wealth-creators.

Conclusion

In the aftermath of the Irish property bubble, which enriched some while leaving many others in a permanent state of debt and negative equity, and the Irish banking crisis, which was ‘resolved’ by socialising the private debts of bondholders, the question of the role of financial elites remains highly significant. Elite studies is undergoing a necessary renaissance internationally, and Irish Social Sciences can play an important role in this, by empirically identifying, describing, and critically analysing the existence, location and power of financial elites in Irish society. Underpinned by the critical realist paradigm, and proceeding in a cross- if not inter-disciplinary fashion, the Irish social sciences have not only a responsibility, but also the capacity, to study financial elites in a way that can be relevant to public knowledge and movements for change. The Social sciences can show – through the critical realist approach – that change will not come by futilely trying to change structures, nor by ‘rooting out’ the bad eggs or rotten apples of financial capitalism. Instead, change will come by addressing the question of agents-in-context, in a nuanced and critical way. The Social sciences in Ireland, particularly where they are informed by ethics and normative values, can and has to play a bit role in this endeavour for a more equal and humanitarian world, by taking on the power of financial elites. For the moment though it is clear that while economists and policy makers are finally realising Tawney’s 1913 assertion that ‘what thoughtful rich people call the problem of poverty, thoughtful poor people call with equal justice a problem of riches' (1913: 10), a lot more work on the problem of riches, and how they are acquired, remains to be done.

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