The Norwegian Financial Elite

Elite Configurations in Present-day Financialized Capitalism

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Abstract

The recent accentuation of elites in public and scholarly debate originates in the growth of the financial sector in the economy since the late 1970s. Linking trends of financial expansion to increasing economic inequalities, the concept of financialization has taken center stage in global media, while only incipiently in sociology.

By subdividing the economic upper class, this study presents the first sociological contribution to the structuring of the Norwegian financial elite. Based on population-wide register data on complete birth cohorts from 1955 to 1990, various regression analyses are utilized to analyze the nature of the Norwegian financial elite in comparison to the industrial elite in the period 2003—2010. Drawing on international research, the attempt of the present study is to explore the level of consistency of the international scholarly characterization of a new financial elite and its claim about the prominence of new capital market intermediaries operating in, inter alia, investment banking, private equity, and hedge funds. Four research questions are posed: (1) Is the financial elite characterized by greater economic rewards than the industrial elite? (2) Does the financial elite follow different recruitment patterns and life course trajectories than the industrial elite? (3) What types of industrial capitalists exit the real economy and enter the financial sector of the economic upper class? (4) Are career trajectories from the industrial elite towards the financial elite associated with increases of income?

The scholarly assumptions about the “new” and prominent financial elite hold that a new group of economic actors—the capital market intermediaries—are extensively rewarded with high levels of pay and bonuses, exceeding the income of the “old” elite consisting of owners and salaried managers. Their income is argued to be self-made, and their titles are claimed to be achieved through schooling rather than parental inheritance.

It is argued that this picture inaccurately fits the description of the Norwegian financial elite. While the financial elite acquires greater earnings than the industrial elite, it is not characterized by extensive economic rewards when additional types of income are introduced. By extension, this points to the persistent importance of ownership income in the Norwegian upper class. The financial elite is found to recruit its members from the conventional managerial class to the same extent as, or even greater extent than, the industrial elite.

However, distinctive recruitment to financial elite membership is found to be associated with various undergraduate level business degrees, or other types of elite education. Elite circulation from industry to finance within the economic upper class is found to be associated with undergraduate and elite education as well as long-term residence in Oslo. However, these trajectories are discovered to be unprofitable as they induce reductions of income compared to remaining in the industrial elite. It might be that the growth of the financial sector and the establishment of a Norwegian financial elite have contributed to a possible elite consolidation and facilitated the coming of a social class within the economic upper class, as both intra- and intergenerational mobility patterns are detected between the “old elite” and the “new elite.” These matters should be researched further.

Overall, this thesis argues that there is little reason to suspect that the recent association between financialization and increasing economic inequality is the result of income concentration of capital market intermediaries in the Norwegian economy. In terms of economic inequality, it is the propertied part of the “old elite” who should be remembered in present-day financialized capitalism.

The present study supplements the broad sociological literature on concentration of economic power, as scrutinizing the specificities of the financial industry adds new insights into the structuring of contemporary Norwegian elites.

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Table of Contents

List of Tables

List of Figures

1 Introduction

Questions of inequality, economic power and control have been addressed in recent years as financial, social, and ecological crises have been pressing on the "conscious collective" of democratic societies. With the Arab spring, popular movements against austerity policies in Spain and Greece, and the Occupy Wall Street movement in the US, the dual need to question concentrated economic power and political elite rule has taken center stage in media debates. The recent growth of income and wealth inequality, depicted by Savage and Williams (2008: 1) as the "raiding of the commons," has led Occupy Wall Street, and related movements in other countries, to demonstrate a popular response to the enrichment of the minority—"the one percent"—at the expense of the remaining 99 percent. It was not by coincidence that the US protesters attempted to reclaim urban space in the heart of Manhattan's financial district (Harvey 2012: 159-165). Turning the spotlight to concentrated corporate power, financial markets, inegalitarian distributions of wealth, and a corresponding lack of democratic representation through formal political means, the protesters at Zuccotti Park entered the core of "classical" sociological insights about "the marriage of finance and order."[1] Hardt and Negri's (2011: 2) recent claim that "politics has become subservient to economic and financial interests" echoes sociologists such as C. Wright Mills (2000) and Michael Useem (1984), scholars who emphasized the democratic challenges resulting from power elites and "inner circle" capitalists whose political influence was argued to constrain the free working of majority rule.

[1] The phrase "marriage of finance and order" is borrowed from Centeno and Maxfield (1992) but it points to general elite scholars' accentuation of the unity between business and politics.

Social protests against capital markets, in which new and innovative financial instruments are blamed for social suffering and economic marginalization, calls for a revival of elite studies and sociological scrutiny of economic power, especially considering the limited scholarly knowledge of the social dynamics of the financial sector (Savage and Williams 2008). Financialization has not only been a core theme in the media and in civil society, and lately scholars have emphasized the emergence of a new, distinctive, set of economic actors—the capital market intermediaries—who acquire extensive economic rewards in addition to allocative and strategic control in the economy (Folkman et al. 2007). Subdividing the economic upper class, the core agenda of the present study is to investigate the Norwegian financial elite and compare it with the "conventional" industrial elite, motivated by the international claim of the prominence of capital market intermediaries.

A prevalent view in the literature holds that the "new elite" is more likely to work in the financial industry (Khan 2012), to a greater extent relies on educational trajectories (Scott 1997: 292-310, Bourdieu 1984: 132-137), increasingly dominates the economic sphere through control relations (Scott 2003, Mintz and Schwartz 1985) and consists of "the working rich" whose economic remunerations have led to increasing societal inequalities (Piketty and Saez 2003). The question of internal differentiation within the economic upper class additionally concerns the scrutiny of elite circulation between, and integration of, financial elite positions and industrial elite positions, which has been of equal interest in the scholarly literature (see e.g. Carroll 2004, Scott 1996, 1985).

The provision of register data renders visible arguably small and obscure elites, and by analyzing register data between 2003 and 2010, I will investigate the following research question:

> Does the international description of a new financial elite and its claim about the prominence of capital market intermediaries characterize the Norwegian financial elite?

This overarching research question is addressed through four questions:

1. Is the financial elite characterized by greater economic rewards than the industrial elite?
2. Does the financial elite follow different recruitment patterns and life course trajectories than the industrial elite?
3. What types of industrial capitalists exit the real economy and enter the financial sector of the economic upper class?

4. Are career trajectories from the industrial elite towards the financial elite associated with increases of income?

The importance of investigating finance is rooted in the recent expansion of financial markets and financial techniques in the economy (Lange et al. 1989), in addition to the decisive role the financial industry plays in the economy through provision of loans, of capital, and of counseling and facilitation of payment transfers. Veland and Andersen (2008: 96) describe the financial industry as the "blood circulation" in the real economy and Grünfeld and Jakobsen (2006: 61) report that financial intermediaries account for approximately 40 percent of the total added value in the Norwegian economy.[2]

However, superimposing political and economic struggles framed in the financial district in New York City onto social democratic Norway might bring about erroneous and oversimplified comparisons. Norwegian power structures are unique in many respects, characterized by corporatist cooperation between the state, employers, and trade unions, as well as considerable state ownership in strategic sectors (Engelstad 2002). Approximately 35–50 percent of the total stock traded on the Oslo stock exchange has been owned by the Norwegian state since the year 2000 (Grünfeld and Jakobsen 2006: 55). Nevertheless, increasing income inequality has been uncovered in Norway. Christensen, Fløtten, and Hippe (2006) report that the 5,000 richest individuals in Norway experienced a 213 percent growth in income between 1993 and 2004, primarily due to increasing capital gains. In addition to growing income inequality, there have been tendencies towards even greater concentration of wealth, especially evident in the concentration of financial wealth (Hansen 2012). Despite scholarly analyses of the exceptionalism of the Nordic welfare states and universalist social democracies (Meyer and Hinchman 2007, Esping-Andersen 1990), the notion of a disproportionately wealthy, "one percent" elite in Norway still seems to hold true. While Nordic societies are more egalitarian than many other advanced industrial societies, the existence of very real, wealthy elites in these countries has frequently been overlooked.

The concentration of income and economic capital in the hands of a minority invites the question of the relative openness in access to prestigious and powerful societal positions. Norwegian research into recruitment to top-level positions in corporate business elites and the economic upper class has documented profound intergenerational reproduction (Hjellbrekke

[2] Note that Grünfeld and Jakobsen (2006: 43-47) operationalize these intermediaries broadly including institutional investors, private equity *and* corporate headquarters (in Norwegian: *konsernhovedkontorer*) all of which are anticipated to manage the indirect ownership of shareholders.

et al. 2007, Mastekaasa 2004, Hjellbrekke and Korsnes 2003, Klausen 2002b), and hence the claim of social closure has been emphasized in previous research (Flemmen 2009). Even though existing research provides information on the economic upper class in its totality, this is the first empirical socio-anatomy of the financial elite in an allegedly egalitarian, universalistic social democracy. What do financial elites look like in a society that is frequently assumed to be egalitarian and "elite-less"?

The contribution of this study is twofold. Not only does it capture a core theme approached in the public, on the streets and in the media, but it also supplements the international literature on upper-class dynamics in social democratic countries. Due to the absence of research specifically investigating the financial elite in Norway, this thesis contributes to important aspects of the organization of economic power in a social democratic "financialized economy."

1.1 Conceptual Clarifications

Scholars have emphasized that financial expansion has induced a specific stimulus to the class structure in which indirect forms of ownership—derived from exponential growth in inter alia institutional ownership, joint stock companies and limited companies—have altered traditional class relations consisting of owners and employees (Tawney 2008, Scott 1997: 277-279). In the present thesis I will follow Flemmen (2012: 1040-1041) who employs a simplified version of Scott's claim about the development of new class situations in contemporary capitalism, where both managers and owners, i.e. both property relations and relations of authority, constitute capitalists class situations "on paper" in an objective Bourdieusian *social space*. As such, all individuals in the current study are analytically approached as "capitalists" insofar as they are eligible for economic upper class membership. The advent of financialized capitalism has not only contributed to alterations in the class structure, but the growth of the financial sector has brought about complex corporate dynamics where finance and industry are not necessarily clear-cut divisions in real life but are increasingly intertwined (see e.g. Krippner 2008). For example, capitalists might engage in both sectors of the economy simultaneously and the comparative investigation of finance and industry is therefore vulnerable to substantial difficulties (see e.g. Scott 1997: 40). However, drawing on the *analytical* distinction between shareholders, managers and financiers (Folkman et al. 2007, Scott 1997: 37-40), I will treat capitalists who engage in the industries of financial intermediation as financial capitalists,[3] while owners and managers who engage in non-financial firms are approached as industrial capitalists (see e.g. Niggle 1988, Harvey 1982: 319-321). The concept of *elite* is defined as "those who have vastly disproportionate control over or access to a resource" (Khan 2012: 362), and the financial elite and the industrial elite are classified by distinguishing financial capitalists and industrial capitalists within the economic upper class. This analytical usage of *elite* therefore partly departs from both the emphasis on *rule* of the classical elite theorists such as Mosca, Pareto and Michels (Hartmann 2007: 5-22), and the neo-Weberian emphasis on the separation of class situations and command situations, where the latter encompasses relationships of authority (see e.g. Scott 2003: 156-159, 1996: 22-47, Aron 1950a, b).

Acquisition of capital with a corresponding "transferable value" as the criterion for elite membership is in line with the overarching Bourdieusian framework that constitutes the analytical strategy to grasp social positions in the present thesis. As such, the analytical usage of the concept of elite resembles Bourdieu's emphasis on dominating positions within semi-autonomous subfields of the social space, where elite formation makes up objective positions *within* each subfield and *across* subfields[4] (Savage and Williams 2008: 15-16). Chapter 3 describes in detail the specific class scheme that is employed in the current study, through which the categorization of capitalist class situations and analytically operationalized elites are constructed.

The concept of *industry* as opposed to *finance* may appear fallacious due to contemporary sociologists' emphasis on the notion of a "post-industrial society" marked by the transition from manufactured commodity production to the increasing importance of "information production," "service production," and "emotional labor" (see e.g. Hochschild 1983, Bell 1976). The application of the term *industry* for all non-financial industries might therefore appear somewhat imprecise, and should not be confused with the above-mentioned discussion on the nature of contemporary production. Nevertheless, for the sake of clarity, in the current study, *industry* denotes all non-financial industries in the economy.

[3] Hence, financial capitalists correspond to capital market intermediaries.

[4] Given the analytical weight by Marxist scholars on the specificities of two distinct accumulation circles that facilitate profit from "money capital" and "industrial capital" respectively, the analogy of a Bourdieusian sub-field appears suitable.

1.2 Outline of The Study

Chapter 2 offers a review of previous theory and research into financialization. Distinguishing between four approaches to financialization, I will review divergent analytical strategies to grasp the recent growth of the financial sector. The first descriptive approach emphasizes the mere expansion of financial activities, while the second and third presuppose that processes of financialization are associated with increasing power of finance at the expense of horizontal and vertical societal dimensions, respectively. The final fourth approach constitutes the analytical strategy of the current thesis and concerns the scrutiny of the horizontal relationship between the financial elite and the industrial elite with no predetermined assumption of increasing power assigned to the financial elite. The main objective of this chapter is to account for how financialization has been approached in classical and contemporary sociological research and to contextualize and illustrate how the current contribution adds to existing knowledge.

In chapter 3, I present and discuss the data, variables, and methods utilized in the analyses. The aim is to pursue a critical discussion of both advantages and disadvantages associated with the chosen design and to provide a justification for the choices made. As such, register data and, operationalized dependent, independent and control variables will be discussed, as well as various regression models and statistical tests.

Chapter 4 presents descriptive statistics, including means and percentages for the main variables utilized in the current study, differentiated by the financial elite, industrial elite, and the groups of individuals who experienced career trajectories departing from the industrial elite between 2003 and 2010. The latter groups are distinguished in terms of internal mobility within and outward mobility from the economic upper class. The main objective of these statistics is to provide a preliminary sketch to core convergent and divergent characteristics of each subgroup of upper class members.

Chapter 5 reports the results from the analyses based on the four research questions, while the final sixth chapter includes a broader discussion of the results in the light of theoretical and empirical assumptions, in addition to suggested implications for further sociological research into financialized elites and elite configurations of industry and finance.

2 Contextualizing Financialization

The recognition of the recent expansion of financial activities, financial markets and financial techniques has introduced the concept of financialization in both public and scholarly debates. In the current chapter, I will review previous research and theory and argue that we can divide existing research into three separate analytical approaches to financialization. Each analytical strategy has been of importance in mapping different aspects of the recent growth of the financial sector. The review therefore serves to recapitulate existing knowledge on Norwegian financialization as well as to underline the need to conduct new *empirical* research into dimensions of its organization that have not been equally addressed in previous studies. Drawing on existing research on social inequality and economic elites, I will propose a fourth approach to financialization that will be empirically investigated in this study.

Firstly, the approaches are distinguished by the underlying assumptions about finance's effect on power relations, denoting "weak" and "strong" notions of financialization, respectively. Where the "weak" approach suffices to map the descriptive expansion of financial activities, the "strong" notions presuppose that processes of financialization are associated with increasing power of finance at the expense of the non-financial spheres of society. Secondly, they differ in their analytical focus on vertical and horizontal societal dimensions. The horizontal approaches stress the dynamics between finance and industry, while the vertical approaches link financialization to economic inequality in society. The four analytically distinct approaches to financialization are illustrated in table 2.1.

Table 2.1: Approaches to Financialization

Financialization	Societal dimensions	Power relations	Empirical indicators
(1) Weak	(Agnostic)	(Agnostic)	Expansion of financial institutions, financial markets, financial techniques & financial capitalists
(2) Strong	Horizontal	Domination	Dominance of finance capital, subjugation of non-financial industries and industrial capitalists through interlocking directorships
(3) Strong	Vertical	Domination	Reduction of labor shares, growth of income and wealth inequality
(4) Weak	Horizontal	(Agnostic)	Divergent income levels and recruitment patterns between industry and finance. Integration through occupational mobility between the financial elite and the industrial elite

The four approaches to financialization structure the organization of this chapter. Before reviewing existing research based on these approaches, I will briefly present the scholarly roots of finance as a field of sociological enquiry. The interplay between finance and industry has been of crucial importance since the early writings of Marx, Lenin, and Hilferding, and these scholars have influenced the sociological literature on financialization and its effect on elite configurations through questions of financial dominance, financial hegemony, and unification of finance and industry. I will stress how the classical Marxist tradition has influenced the understanding of present-day finance, although the transformation of capitalism in recent decades has led scholars to both redevelop and reject the Marxist emphasis on the dominance of financial relations. Some scholars have suggested that we need to restrict the concept of financialization to its weakest sense, i.e. as a mere expansion of finance, irrespective of its possible association with the power structure of contemporary societies.

First, following the above-mentioned claim to restrict the concept of financialization to the mere expansion of financial activities, I will review how a “weak” approach to financialization has been offered by previous research into the politically initiated expansion of the financial industry in Norway since the late 1970s. As the first approach has some empirical resonance in the Norwegian experience, the question of the extent to which the mere expansion of finance has altered the power relations between industry and finance arises.

Second, I will therefore review how existing research into elite configurations of finance and industry has offered a “strong horizontal” approach to financialization, with its prevalent focus on interlocking directorships. Although international research has revealed tendencies of increased domination in favor of the financial realm at the expense of industry, the little research that has investigated this phenomenon in Norway finds no support for similar tendencies in the Norwegian economy. It therefore would appear that the second approach, the "strong horizontal" notion of financialization, is given no support within the Norwegian economy.

Third, although financialization may not have altered the horizontal dimension of the relative dominance between finance and industry, the third analytical approach to financialization accentuates the vertical effects of financial expansion as its primary subjugation may be of labor shares, resulting in increasing economic inequality. Research into growing income and wealth inequality in Norway, in addition to analyses of labor shares, will therefore be reviewed, illustrating that the third, "strong vertical" approach to financialization is given partial support in previous studies.

Fourth, while all the preceding approaches have contributed to knowledge about the nature of financialization, the literature is characterized by a lack of empirical investigation of the financial elite as a distinct group in the Norwegian economic upper class. A recent appeal to "remember elites" in sociological research has emphasized the necessity of scrutinizing the structure of the financial elite and its influence on the restructuring and regrouping of other elites (Savage and Williams 2008). Due to financialization, Folkman et al. (2007) argue that new types of financial actors—the capital market intermediaries—have gained considerable allocative power and strategic control, in addition to substantive rewards, through engagement in inter alia investment banking, private equity, and fund management. As these intermediaries are argued to be the "emblem of our present day capitalism" (Folkman et al. 2007: 569), the general neglect of financial intermediaries in sociological research appears even more pressing. The emergence of new groups of economic actors and economic activities raises questions about patterns of recruitment to financial elite membership, the financial elite's levels of income, and its influence on the elite dynamic within the economic upper class. While there is little Norwegian empirical research into these specific themes available, existing sociological research and theory on economic elites will constitute a theoretical framework by which these questions will be investigated.

While the current design explores the horizontal dimensions of the economy, it does not presuppose greater dominance of finance over industry, but remains agnostic to the internal power dynamic within the economic upper class. As such, the fourth approach, and the contribution of this thesis, takes a "weak horizontal" understanding of financialization.

2.1 The Scholarly Roots of Finance

The sociological literature on finance and finance capitalism is often traced back to the writings of Marx and his notion of finance capital as "fictitious capital." Starting with the basic commodity exchange of C—M—C, where C = commodity and M = money, Marx argued that the particularities of capitalism is rooted in the general formula of M—C—M'. The transformation of money to capital is entrenched in the ownership relations of the social organization of the economy, in which the first formula of circulation responds to use value, while the latter produces exchange value, motivated by surplus value (Marx 1998). The capitalistic organization of society is argued to be manifested in two classes: the propertied capitalist class and the propertyless proletariat (Marx 1992: 79). For Marx, capital reaches its fetishized state when the accumulation circuit has been reduced to M—M', that is when money creates money through interest-bearing capital, in which capital is reduced to "a meaningless abbreviation" and becomes fictitious (Marx 1991: 515-526). Marx argued that the introduction of the joint stock company and the credit system led to an increasing monopolization, and thus concentration, of capital among a few leading alliances of capitalists—an idea that has been developed further by later Marxists scholars.

Drawing on Marx, scholars of the early 20th century extended the theoretical emphasis on the development of fictitious capital, coupled with a more extensive theory of its impact on society as a whole and world economy, most notably through Hilferding's *The Finance Capital* (1981) and Lenin's *Imperialism* (1965). The core of both of these theories is the emphasis on the concentration and unification of the relative power relations between industry and finance and the claim that finance produced a new stage of capitalism, which Hilferding termed "the latest phase of capitalist development," while Lenin claimed its particularity to be "the highest stage of capitalism." Lenin and Hilferding argued that a process of concentration of bank power and the transition from free market capitalism to "monopoly capitalism" resulted in a few leading banks that dominated the economy and monopolized the control of money capital. The increased concentration of power in the economy was argued to facilitate a "personal union" between banking and industry capital (Lenin 1965: 149) and a dominance of "finance capital" depicted as "the unification of capital […] under common direction of high finance, in which the masters of industry and of the banks are united in a close personal association" established through monopolistic combines (Hilferding 1981: 301).

Some of the concepts and insights from the "old school" are evident in today's research. Echoing Marx, Knorr-Cetina (2007) argues that financial markets are qualitatively different from commodity markets and claims that while production is the core concern in the field of industry, financial markets constitute a "second order economy" that is isolated from consumption and is primarily engaged in the trading of financial instruments. Knorr-Cetina's approach to the financial market is in this respect additionally similar to Arrighi's (1994) argument that profits derived from the financial sector is based on financial instruments as opposed to accumulation circuits rooted in commodity production and trade.

However, it has been claimed that the analyses of the late 19th century and early 20th century are insufficient and outdated (see e.g. Kotz 2011, Foster 2007, Jameson 1997: 246-248), as the historical transformations of capitalism have brought about the invention of new types of financial instruments such as hedge funds, private equity, investment banks, and pension funds. Recognizing these transformations of capitalism, Minsky has argued that there once was a regime of finance capitalism dominated by entrepreneurial financial capitalists, but that it was displaced by managerial capitalism in the 1930s, and later "managed money capitalism" characterized by institutional investors and managed funds in the 1970s (Pineault 2001).

The general acknowledgement of the recent transformation of the financial industries has resulted in the somewhat ambiguous notion of financialization. However, contemporary debates are characterized by a disagreement about whether these changes within the financial sector have brought about a new form of power relation along the industry/finance divide facilitating increased financial dominance—often interpreted as a claim of the "old school scholars" of finance such as Hilferding and Lenin—or if it is expressed by a mere expansion of financial activities and instruments.

On the one hand, some scholars have argued that these new financial techniques have increased the power potential of finance. Whereas older theories of finance capital emphasized the crucial role of loans as a power base of the banks, contemporary theories have incorporated newer techniques into the analysis of bank power, where investment in pension and trust funds in the stock market serve as sources of bank leverage (Glasberg and Schwartz 1983: 317). Carroll (2010: 228) has emphasized that there has been a development of a *new type of finance capital* which is not as entrenched in inter-corporate networks along the financial-industrial axis, but is manifested in looser forms of power that are exercised outside of the boardrooms and to which financial power is secured through the constant threat of capital withdrawal. Sweezy has argued that the contemporary domination of finance is so comprehensive that

> [f]inance capital, once cut loose from its original role as a modest helper of a real economy of production to meet human needs, inevitably becomes speculative capital geared solely to its own self-expansion. In earlier times no one ever dreamed that speculative capital, a phenomenon as old as capitalism itself, could grow to dominate a national economy, let alone the whole world. But it has (Sweezy 1994: 1).

Similarly, Kotz (2011: 5) argues that financial institutions are no longer "servants of non-financial capital accumulation" but are in pursuit of their own profits through new forms of financial activities, and Folkman et al. (2007) claim that new financial intermediaries are "working for themselves" in search for short-term profit maximization in an economy where "everything is for sale" (Froud et al. 2008). Some scholars (e.g. Peetz and Murray 2012: 46-50, Carroll 2010) have argued that "new agile money" has replaced the preceding "patient money," where especially hedge funds stimulate a "short-termism" that affects the economy.

On the other hand, other scholars have argued that financialization denotes financial expansion rather than "financial dominance." Although there is no consensus on the specificities of this neologism, a modest definition can be said to be "financialization means the increasing role of financial motives, financial markets, financial actors and financial institutions in the operation of the domestic and international economies" (Epstein 2005: 3).

Before reviewing sociological research that can shed light on the degree to which financialization has brought about more power of finance, the extent to which financialization, even in in its modest definition, is rightfully applicable in Norway should be clarified. To what extent does such a modest definition of financialization fit the description of the Norwegian economy? As nation-specific contexts are of pivotal importance for the functioning of economic activities and hence the facilitation of economic actors, a brief summary of some historical reasons for the distinctiveness of Norwegian power structures and the specificities of Norwegian capitalism will be reviewed in the next section, emphasizing both restrictions and facilitation of the financial industry. Keeping in mind Polanyi's (1944) emphasis on the "planned" nature of deregulation and the "freeing of the market," I will stress how policy-makers have been of great importance to the expansion of the financial market in the Norwegian economy since the end of the 1970s. The following therefore offers a review of how the first, *weak*, approach to financialization provides knowledge about the expansion of financial activities in recent decades.

2.2 The Financial Industry of Norway—A Brief Historical Overview

> *The economic field is, more than any other, inhabited by the state, which contributes at every moment to its existence and persistence, and also to the structure of the relations of force that characterize it.*
> —Pierre Bourdieu, *The Social Structure of the Economy*.

The historian Sejersted (1993) has argued that Norway has a unique power structure as the development of industrial capitalism in the second half of the 19th century occurred without a strong industrial and financial bourgeoisie, and that heavy industry to a large extent was owned by foreigners. Due to the absence of national strategists from large corporations and banks and thus the lack of national "organized capitalism," Sejersted argues, the state had to play a "compensatory role" as both entrepreneur and industrial strategist, constituting what Sejersted considers to be an aspect of Norwegian "democratic capitalism." The interventionist role of the Norwegian state and its core feature as a large owner within the economy continues to be prevalent, although certain fluctuating patterns have emerged through policies of "deregulation" and "liberalization" of capital markets. Despite this section's emphasis on policies of deregulation, it should be stressed that in 2003, the beginning of the observational window of the current thesis, 40 percent of the total stock listed on the Oslo stock exchange was owned by the state (Gulbrandsen 2005: 330).

Until the late 1970s, the Norwegian government, with its social democratic doctrine, was oriented towards long-term investment and state regulation. Tranøy (1994) has argued that a neoliberal consensus among the advisory economists that influenced governments in the late 1970s caused the abandoning of this social democratic ideology and allowed for a general reorientation of marked-oriented policies towards privatization and "deregulation." The latter—involving the abolishment of regulations on direct loan controls, bond investment quotas and maximum interest rates on loans—has facilitated an expansion of financial activities in the Norwegian economy (Grønmo and Løyning 2003: 77-78). For example, Knutsen, Lange, and Nordvik (1998: 291) reveal how the oldest commercial bank in Norway[5] at the end of the 1980s gradually developed strategies to cultivate the financial industry and to constitute the bank as a specific "financial supermarket," all in context of increased liberalization and deregulation. Expansions of financial activities have also been evident in the exponential growth of securities trading on the Oslo stock exchange (Veland and

[5] *Kreditkassen* was the oldest commercial bank in Norway. It was bought up after a merger with Finnish, Swedish and Danish banks from 1997 to 2000, constituting *Nordea bank* (Solberg and Lien 2008: 67).

Andersen 2008: 60), reductions of sole proprietorship, increase in joint stock companies, limited companies, the rise of institutional ownership (Hernes 1983: 79-85), and the growth of Norwegian mutual funds (Andersen 2003: 117-119). The expansion of financial activities in the Norwegian economy in the 1980s has led scholars to claim that there has emerged a “new money society” (Lange et al. 1989: 4). Recently, evidence has also been provided regarding the growing “financialization” of the public sector of the Norwegian economy, as illustrated by the “Terra-scandal,” where small Norwegian municipals lost large amounts of public money invested in various financial instruments making them vulnerable to fluctuations in the American housing market (Løding and Gåsdal 2012).

Financial activities have therefore taken on a greater share of the Norwegian economy in its totality. Dating the liberalization of the Norwegian economy to 1985, Epstein and Jayadev (2005: 66) illustrate that while the average rentier income share[6] was approximately 11 percent 4 years before the liberalization process began, its relative average shares had grown to approximately 15 percent by 1989, an increase that was only slightly surpassed for countries such as Great Britain and the United States, out of 11 OECD countries investigated.[7]

Even though the political realm has been indisputably decisive in the institutional changes that have characterized recent trends in the financial industry, Løyning (2005) has argued that these developments are wrongfully understood through simplistic notions such as deregulation and liberalization, as these concepts refer to a situation where the state has completely withdrawn from the management and organization of the market. Rather, he argues that state strategies have changed, with the emergence of new types of governance from concrete regulations to indirect influence through greater reliance on the industry’s internal control, most notably through the increasing role of the financial supervisory authority of Norway. Additionally, despite a reorientation towards marketization of the economy, the state nevertheless constitutes a core feature of the Norwegian economy, as emphasized earlier, and the withdrawal of direct state regulation is therefore to be understood relative to the particularities of the historical roots of Norwegian capitalism. Furthermore, the state as a core owner within the economy also adds complexity to the assumption that

[6] Rentier income is measured as “profits earned by firms engaged primarily in financial activities plus interest income realized by all non-financial non-government resident units.” Due to lack of data capital gains were excluded from the measurement. Nominal rentier income share is estimated by dividing the rentier income by gross national product (Epstein and Jayadev 2005: 50).
[7] The estimations are investigated comparatively to the point in time when the implementation of liberalization policies in these respective countries began.

financialization has led to an economy driven by short-term profit maximization irrespective of societal needs, as evidenced by the large Norwegian pension fund[8] managed with the core agenda to preserve the needs of future generations, and its corresponding ethical profile that has inter alia resulted in the withdrawal of shares in Wal-Mart due to insufficient labor practices (Peetz and Murray 2012: 48-49).[9]

However, whether or not the economic policies of the late 1970s are rightfully understood as de facto deregulation and/or liberalization, the previous discussion has provided evidence for a significant expansion of financial activities in the Norwegian economy, derived from state-initiated market orientation. It follows that Epstein's "weak" definition of financialization, understood as an expansion of finance irrespective of its possible increased domination, can be claimed to be appropriate as a characterization of the Norwegian experience in recent decades.

As Kotz (2011: 4) points out, such a quantitative expansion of the financial industry may induce changes in the non-financial sector of the economy, and the question of this possible horizontal association needs to be addressed through empirical research. The following therefore offers a review of the second, *strong horizontal*, approach to financialization exemplified by analyses of interlocking directorships.

2.3 Interlocking Finance Capital?

As previously noted, the majority of the sociological literature on financialization and elite configurations concern the phenomena of interlocking directorships, where one individual serves on the board of more than one firm (Glasberg and Schwartz 1983: 321). Finance's dominance over industry has been commonly determined as when banks or financial institutions constitute the core of these corporate networks of interlocking directorships (Grønmo and Løyning 2003: 50).

Theories of bank control, derived from the writings of Hilferding and Lenin,[10] postulate that banks and financial institutions dominate the business world through direct intervention in the decision-making of non-financial firms by representation in boards ensured

[8] With its year-end 2011 NOK 3,441 billion market value, the Government Pension Fund is one of the largest sovereign wealth funds in the world economy. http://www.regjeringen.no/en/dep/fin/Selected-topics/the-government-pension-fund/market-value-of-the-government-pension-f.html?id=699635 (read: 01.01.13).

[9] The ethical profile of the Norwegian pension fund is however contested in various contributions, see e.g. Ekeberg (2009), Hjertaker (2013).

[10] Note that there is some debate as to whether Hilferding and Lenin understood the interplay between finance and industry as a mere fusion or as financial dominance over industry, see e.g. Scott (1997: 104-105).

through extensive networks of interlocking directorships (Glasberg and Schwartz 1983: 316-317). A similar emphasis on financial domination is evident in theories of financial hegemony, although the latter accentuates increased power of finance as a consequence of banks and financial institutions' control of capital flows that allows for a specific hegemony that conditions the overarching framework of economic activities in society as a whole (Mintz and Schwartz 1985: 249). In this respect, both theories of finance capital/bank control and financial hegemony expect recent trends of financial expansion to be coupled with an increasing power of finance, expressed as either direct intervention in decision-making or control of capital flows.

Recognizing the increasingly transnationalist economic integration of our times, researchers have considered the structure of inter-corporate directorships on a supranational scale (see e.g. Carroll, Fennema, and Heemskerk 2010, Lebaron 2008, Carroll 2007, 2004, Fennema and Schijf 1985). In their study of corporate networks in Europe from 1996 to 2006, Carroll, Fennema, and Heemskerk (2010: 831-832) document an increase of transnational financial capitalists with a shift from intra-national interlocks towards "a pan-European configuration," whose core consists of "industrialists with financial connections."[11] However, despite their empirical evidence for the facilitation of a European corporate community due to concentration of finance capital, Norwegian participation in these networks was found to be only of marginal influence relative to the dominant position of a handful of northwestern countries. Additionally, compared to nearby countries such as Sweden, the lack of both bridging (international) and bonding (national) networks among Norwegian G500 corporations[12] stood out.

Evidence of financial domination over industry has been provided within national boarders as well, for example in England (Scott and Griff 1985), Switzerland (Rusterholz 1985), Canada (Carroll 2008, Carroll and Alexander 1999), the US (Bearden and Mintz 1985, Mintz and Schwartz 1985, 1981, Zeitlin 1982), and Germany (Ziegler, Bender, and Biehler 1985), although important differences between countries have been emphasized. Scott (1991: 189-192) has argued that "the Anglo-American system of capital mobilization"—characterized by impersonal control and institutional shareholding—has constituted various forms of financial hegemonies, all distinctly different from the European experience. He

[11] Note that the authors emphasize that the "era of bank dominance" is over, as the core of these networks are concentrated around the "financial-industrial axis" and not traditional banks (Carroll, Fennema, and Heemskerk 2010: 832, 836).
[12] G500 refers to *Fortune Magazine*'s ranking of the 500 largest corporations in the world, measured by total revenue.

suggests that the model of *financial hegemony* has been more common in the Anglo-American countries, while Germany has been characterized by *bank control*. Scott claims that a similar situation of direct bank intervention can been suggested for the Scandinavian countries. However, investigating interlocking directorships among Norwegian firms from 1970 to 2000, Grønmo and Løyning (2003) find no evidence that banks play a central role in these networks throughout the observational window,[13] and they argue that there is no reason to suspect that there are generalized similarities between Swedish and Norwegian banks, as banks have been relatively weak in the Norwegian economy during the course of history.[14]

A possible reason for this observed discrepancy between Norway and other countries is an assumed lack of extensive interlocking networks across the finance/industry divide in Norwegian society. As Løyning (2001: 6-8) underlines, since the 1990s *some* of these interlocking networks have been forbidden by law, as bank executives are not allowed to be a board member in firms that are engaged in trade, industry, or shipping. Moreover, one individual cannot serve on the board of more than one financial institution, and there are restrictions on being a board member in a firm that is a client of the financial institution in which one is already a board member. Some evidence is provided of the lesser importance of banks within the corporate network after the introduction of these legislative amendments (Grønmo and Løyning 2003: 223, 171-174).[15]

However, it should be noted that although legislation prevents direct linkages, it may have increased indirect relations through interlocks within a third firm as an unintended consequence (Grønmo and Løyning 2003: 62-67). Indeed, legislations often have unforeseen effects; for example Grønmo (1995) finds that although banks were never as central in the Norwegian inter-corporate networks as in those of other countries, their centrality increased slightly during the deregulation process in the mid-1970s. However, although these policies were introduced to facilitate competition in the market, Grønmo finds, perhaps paradoxically, that increasing bank autonomy followed tendencies of stronger coordination, rather than competition within the economy.

[13] Similar results are provided by Langlo and Gjerde (1993: 71).

[14] See also Sejersted (2001: 95) and Knutsen (1990: 4-6, 66-71). Additional historical evidence of the relatively weak position of the Norwegian banks is provided by the historian Einar Lie. In his analysis of the Norwegian oil company, *Hydro*, Lie (2005: 20-23) emphasizes how the development of the two oil fields *Ekofisk* and *Frigg* in the late 1970s had to be funded by international (American) banks, as the Norwegian established banks were unable to manage the extensive risks and amounts of loans associated with these important industrial developments.

[15] Additional explanations for the observed lack of bank centrality in Norwegian networks of corporate power concern a general stricter freedom of manoeuvre of Norwegian banks and possible regulative measures associated with the bank crisis of the late 1980s (Grønmo and Løyning 2003: 172).

Research into Norwegian interlocking directorships has nevertheless revealed prevalent advantages that are associated with interlocks. Qualitative research has provided evidence for the usage of these interlocking directorships as a source of exchange of information, knowledge transference, influence, and coordination (Løyning 2001), and network analyses have revealed the establishment of an "infrastructure of weak coordination" through indirect linkages between firms that may facilitate a "model-hegemony" that determine the activities, behavior, and recognition within and across the boards (Grønmo and Løyning 2003). However, as noted, both direct and indirect linkages between firms have been more prevalent among industrial firms than bank and financial centrality (Grønmo and Løyning 2003: 145-149). The lack of bank and financial centrality was evident in both inter-corporate networks as well as corporatist networks (Grønmo and Løyning 2003: 197).[16] It would thus appear that the Norwegian corporate community has been characterized by some concentration of power through the establishment of weak ties of coordination that has allowed for some central industrial firms to attain a given model hegemony within the business world, rather than hegemonic power attributed to financial institutions or banks as observed in the American corporate community. However, it should be noted that the volume of these networks is altogether smaller than it is in other countries (Grønmo and Løyning 2003: 209, 219, 225-229).

The previous review therefore lends no clear-cut support to the second, *strong horizontal*, approach to financialization, as existing research has not provided evidence for a growing dominance of finance at the expense of industry in the Norwegian economy. However, there are reasons to suspect that financialization has stimulated increased concentration of power, however limited to the *vertical* societal dimension. In the following, the third, *strong vertical*, approach to financialization will be reviewed.

2.4 Financialized Economic Inequality?

> *…financialized techniques have lent themselves to an extraordinary enrichment of financial intermediaries and of the corporate elite.*
>
> —Robert Blackburn, *Finance and the Fourth Dimension*.

Researchers have often underlined the crucial importance of policy-making as a prerequisite for economic structures and the organization of economic inequality (see e.g. Volscho and

[16] Corporatist networks denote inter-corporate linkages between firms and governmental assemblies and committees.

Kelly 2012, Duménil and Lévy 2008, 2001) and many scholars have emphasized how the invention of new financialized techniques has created profitable opportunities for capital accumulation for economic elites (see e.g. Volscho and Kelly 2012: 694, Carroll 2008, Palley 2007, Glyn 2006).

Through comparative research into the rise of rentier income[17] in 11 OECD countries, Epstein and Jayadev (2005) document a general pattern of increases in rentier shares relative to non-financial profits shares between the 1960s—1970s and the 1980s—1990s. Despite this increase, the non-financial profit shares remained broadly the same, which leads Epstein and Jayadev (2005: 54) to the conclusion that "[i]n most cases, it was labor, most likely, that experienced declines in its income shares." Unfortunately, data on these measures of income were not provided for Norway in the 1960s and 1970s. However, Bassanini and Manfredi (2012: 8) have illustrated that labor shares of gross national product have steadily declined since the 1970s in Norway, a trend that peaked around 1977 with shares amounting to more than 70 percent, and its low point of less than 50 percent by 2006. It therefore seems as if the dominance of finance may not primarily be an expansion of dominance over industry, but rather a possible expansion of dominance in the capital/labor divide.

In their extensive analysis of income inequality in several countries, Zalewski and Whalen (2010) investigate the association between financialization and income inequality. Through the usage of the International Monetary Fund's Financial Index (FI), which measures the extent to which a country's economy is characterized by traditional banking relationships, new financial intermediation, or security exchanges[18] combined with Gini coefficients, the authors document an overall pattern where greater reliance on financial markets has been followed by increases in inequality. Zalewski and Whalen analyze changes within these two measures in 18 countries from the mid-1990s to the mid-2000s. Despite the general pattern across all countries, varieties in different groups of countries are suggested. Surprisingly, the authors document the largest increase in income inequality and the strongest association between a movement away from relational financing and increase in income inequality among the Nordic countries (i.e. Norway, Sweden, Denmark, and Finland), although the Anglo-American countries (i.e. US, UK, Australia, and Canada) were extensively more unequal. Lower measures of inequality among the Nordic countries are ascribed to differences between

[17] See footnote 6 on page 14 for Epstein and Jayadev's definition of rentier income shares.

[18] Three types of social relationships of financial transactions are distinguished: (1) relational transactions, which are traditional bank loans and deposits, (2) new financial intermediations characterized by new financial instruments such as derivatives, venture capital financing, and the like, and (3) exchanges in securities such as stocks and bonds.

the societal structures and policies of the two subgroups of nations, where the Nordic countries are characterized by relatively more relational financial systems, expansive welfare states, and collective bargaining and socialization of economic gains and losses through progressive taxation policies and higher degrees of social cohesion. Nonetheless, the Nordic countries have had the strongest growth of income inequality and the strongest association between increasing inequality and financialization.

Aaberge and Atkinson (2010) have investigated trends of top income in Norway from 1875 and onwards and find that there was a substantial upswing in the beginning of the 1990s after a steady decline in the post-war era. Their empirical evidence reveals that this upward trend was starker in the 1990s than the declining trend in the post-war period. The growth of top income shares has largely been concentrated at the very top of the income distribution, as the people in the top 1 percent have experienced a redoubling of their income since 1995. Tendencies of concentration are exemplified by the fact that among the total income of the top 10 percent, more than 40 percent is assigned to the top 1 percent. Aaberge and Atkinson (2010: 453-465) claim that the rise in top income shares in this time period can be explained by an increase in dividends for the richest households. They emphasize the key importance of policy interventions for understanding these trends and propose that the liberalization of financial markets, with the abolishment of credit rationing and limited taxation of capital income as a consequence of the 1992 tax reform, is a relevant mechanism for explaining concentration of income shares at the very top of the social (economical) hierarchy.

While Aaberge and Atkinson have revealed evidence for increasing income inequality in Norway, Hansen (2012: 219) has provided evidence for even greater tendencies of concentration of private wealth between 1993 and 2009. She finds that the richest 1 percent of the population owned approximately 20—25 percent of the total wealth, and additionally that financial wealth was more skewed than the combined wealth measure. For example, after the mid-2000s, the richest 0.1 percent owned 30 percent of the combined financial wealth.[19] Additionally, Hansen concludes that these trends of wealth concentration can be partially explained by financialization as the richest have gotten wealthier and as the patterned financial wealth concentration varies according to various financial crises such as the 2008—2009 crisis and the dot com crisis in 2001.

[19] However, if these individuals at the top of the wealth distribution acquire wealth based on debt financing, while the lower brackets of the wealth distribution do not, Hansen notes that the estimation of financial wealth might be exaggerated as it does not subtract debt.

To sum up, the Norwegian distribution of income and wealth shares has become more unequal in the past decades, as the gap between the very rich and the rest of the population has widened—an indication of increasingly advantageous life chances of capitalist class situations (Scott 1997: 291). There is reason to suggest that this development is connected to the politically initiated arrangement of financial activities through liberalization of financial markets and thus the expansion of the field of finance. This association has been stronger in Norway than in other countries, which in turn implies that processes of financialization may differ according to nation-specific contexts. Hence, the third, *strong vertical*, approach to financialization is given at least partial support, as financialization has served as a core explanatory feature in previous research into economic inequality.

2.5 Economic Elites and Social Mobility?

So far I have reviewed theoretical and empirical research into different aspects of financialization. This contextualizing review has helped establish the following: (1) the Norwegian economy has been characterized by trends of financialization as the politically initiated marketization of the economy since the late 1970s has facilitated an exponential growth of the financial sector. (2) The advent of financialization has not been associated with a corresponding bank or financial centrality in networks of corporate power as observed in other countries. (3) Trends of financialization has been coupled with increasing economic inequality in Norway, and even more so in the Nordic countries than in the Anglo-American countries. The association between the recent expansion of financial activities and economic inequality warrants the scrutiny of elite configurations within the Norwegian economic upper class. Having laid out this empirical foundation to Norwegian financialization, I now turn to a review of the sociological literature on elites and class and I will emphasize how some scholars have incorporated elements of financial expansion in analyses of social inequality. The following review therefore serves as a theoretical framework for the empirical analyses of the financial elite and the industrial elite in the present study.

Firstly, I will stress how the growth of indirect forms of ownership has led scholars to redevelop, and/or reject the Marxist emphasis on property ownership as the only criterion for capitalist class membership. By extension, I will briefly lay out the arguments surrounding the increased importance of education as a path towards upper-class membership. Secondly, following the above-mentioned theoretical claims of new pathways to economic elites, I will offer a review of existing research into Norwegian economic elites and the economic upper class. As the latter encompasses the two elites of industry and finance, existing research provides insightful information on the groups of individuals who constitute the analytical units of the current thesis. Thirdly, I will review how the internal dynamics within corporate life has been approached in sociological theory and research. Theories of class cohesion, class-wide interests, and social class formation will therefore be presented. Finally, I will present the recent scholarly claim about a new financialized elite in present-day capitalism, consisting of capital market intermediaries, and the sociological characterization of this elite. As no existing Norwegian research has specifically investigated the internal differentiation between industry and finance within the upper class, the exploration of the financial elite and its stimulus to elite dynamics in Norway remains to be studied. Drawing on the scholarly literature on economic elites, and motivated by the international claim of a distinct new elite, the end of this chapter clarifies how a fourth, *weak horizontal*, approach to financialization will be empirically explored in the context of the Norwegian economy.

2.5.1 "Financialized" Ownership Structures and the Advent of the Meritocracy?

Some scholars have argued that recent changes in the economy have brought about new dynamics of indirect ownership in what Blackburn (2006: 41) coins "grey capitalism" and Hernes (1983: 79-85) terms "institutional capitalism" through the introduction of joint stock companies, institutional ownership, and newer types of financial techniques. Due to departure from the traditional type of capitalism where owners of the means of production coincide with the supervision of work and the monopoly of authority within a firm, discussions about the separation of ownership and control in contemporary capitalism (Berle and Means 1933) have flourished in sociological debates since the mid-20th century.[20] Coupled with critical assessments of an alleged Marxist hegemony in social stratification research with its emphasis on property ownership, Marxist thought has been subject to extensive critique (see e.g. Pakulski 2005, Clark and Lipset 1991, Colbjørnsen et al. 1987, Parkin 1979). Central in these critiques of Marxist thought is the idea that owners of the means of production no longer constitute the cornerstone of economic power, but that the traditional capitalists' power base

[20] The separation of ownership and control was additionally accentuated in Marx's writing, as he argued that the credit market's facilitation of the joint stock company had "the tendency to separate [the] function of managerial work more and more form the possession of capital," resulting in "mere owners" providing capital and "mere managers" handling the day-to-day organization of business (Marx 1991: 512). However, as previously noted, Marx analyzed this development vis-à-vis the concentration of power of the "money capitalists," and not as a function of their attenuated power.

has been attenuated through the increasing presence of propertyless managers. As an extension of this, some authors argue that access to power is no longer entrenched in domestic inheritance of advantage, but rather that recruitment to managerial positions is based on education-trained meritocratic principles, and hence the claim about the increased importance of education in society as a whole.

Bell (1976) asserts that a new post-industrial society—characterized by knowledge intensity, managers' emancipation from financial and bank control, expansion of the service industry, and bureaucratization—demands a stronger need to allocate societal positions in accordance with meritocratic principles as "the mode of family capitalism" has been broken up (see e.g. Bell 1961: 39-45). Such principles are argued to be functional as they ensure efficiency and thus exploit the level of skill within the social division of labor, in addition to having legitimacy as a just structure of rewards. Bell presupposes that direct transmission of societal positions is dysfunctional in optimizing the levels of skill within a society where technological advancement has created a greater need for skill-based execution of work.[21] As such, Bell argues that there has been a "change in the *mode of access* to power" and that power is exerted on the basis of "technical skill rather than property, and political positions rather than wealth," and consequently the dissolution of the (American) upper class as a "community of interests" (Bell 1961: 45).

However, whether there has been an actual transition from ascription to achievement as a structuring principle for allocation of rewards as a consequence of "financialized ownership structures" has been contested by many theoretical and empirical contributions.[22] For example, Scott (1997: 277-310) follows Bell and other "managerialists" in their observation of a decrease in direct possession in contemporary capitalism and the weakening of the direct link between kinship and control, but argues that the transformation of capitalism from direct to indirect means of possession has led to an expansion of analytically distinct capitalist class situations in contemporary capitalist economies. These are (1) the entrepreneurial, whose (minority or majority) control of the large enterprises is now derived from indirect personal possession, (2) the rentier, whose large portfolios of shares secure dividend income, (3) the executive or director who, despite being a salaried employee, attain

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[21] See Hartmann (2007: 26-40) for a further elaboration of functional elites.

[22] See Useem (1980: 41-53) and Bottomore (1993: 61-71) for extended reviews of the response to the claim about managerial control. In organizational theory, the idea of "shareholder value" has been the most prominent way of challenging the notion of increased control assigned to mangers. The notion entails the assumption that the management of the firm is directed towards securing return value for the owners of the company (Krippner 2011: 7). In Norway, tendencies of increased shareholder value-management have been suggested (Veland and Andersen 2008: 55, Byrkjeflot 2003: 74-77).

authority within the company and whose numbers have expanded through the introduction of impersonal possession, and (4) the finance capitalist holding multiple directorships in a variety of businesses.[23] Scott argues that there has been no reduction of the advantaged life chances of individuals with entrepreneurial backgrounds and argues that educational trajectories have allowed for entrepreneurial and rentier capitalists' entrance into executive and finance capitalist class situations. The two latter capitalist class situations are argued to be largely dependent on recruitment strategies based on educational credentials. Reproduction of these class situations is not transposable through inheritance due to their impersonal mode of possession, and the establishment of these forms of capitalist class situations has thus prevented the "direct link between kinship and control." As such, Scott emphasizes the need to link mechanisms of *social* reproduction to mechanisms of *capital* reproduction**—**a linkage that stresses the increasing importance of the educational system in the transmission of societal power and authority.

In Norway, as in many other western countries, the phenomenon of mass-education has occurred during the last 50 years. Hjellbrekke and Korsnes (2006: 98) report a 50-doubling of enrollment in higher education from the 1950s to the 2000s. Where nine out of ten eighteen-year-olds were students at institutions of higher education in 2005, the measures of the similar age group in the beginning of 1960 reveal that two out of three had entered the labor market. However, evidence of educational expansion is not synonymous with the notion of merit-based allocation of rewards nor the equalization of educational capital understood as equal access to transposing educational qualifications to occupational attainment.

Thus, as one has acknowledged the general tendency of mass-education within Europe and the US, a coherent framework of analyzing transmission of advantage has gained foothold in contemporary sociology, i.e. the separation of direct and indirect routes to social reproduction, often visualized through a simplification of the OED-triangle[24] originally developed by Blau and Duncan. Alternatively, a similar analytical framework is provided through Bourdieu's (1996: 278-299) distinction between "the family mode of reproduction" and "the school-mediated mode of reproduction".[25] The family mode of reproduction, i.e. the

[23] The incorporation of managers within capitalist class positions is also evident in the writings of neo-Marxists such as Wright (2005: 16). The joint treatment of managers and owners as "capitalists" is followed in the current study, as stated in the introduction and discussed in the next chapter. However, note that my definition of financial capitalists diverges from Scott's emphasis on interlocking directorates, as I define financial capitalists as upper-class members who engage in industries of financial intermediation.

[24] Where O = origin, E = education and D = destination. See e.g. Breen and Luijkx (2004: 216).

[25] Despite similarities in the diagrammatic framework of reproductive routes of transmission of advantage, the two approaches to understanding contemporary inequality should not be conflated. The distinct ways of

direct transmission of class advantage in the labor market, may stem from a number of mechanisms such as social capital (networks) provided by the family (Bourdieu and Wacquant 1992: 119), domestic cultural socialization that facilitates the production of a specific "economic habitus"[26] (Bourdieu 1990b: 52-65), familial impact on the development of specific preferences (Goldthorpe 2000), or simply direct inheritance and appointment to family businesses. While Bell and others have argued that education primarily constitutes a means of securing relevant skill for top-level occupations, the argument of "the school-mediated mode of reproduction" holds that education serves as specific legitimizing and exclusionary strategies to ensure reproduction of advantage. Central to this argument is the idea that educational credentials are not equally available for all, and that the potential to convert credentials to occupational attainment is conditioned on one's own class origin, resulting in the view that the educational system serves as an important stratifying mechanism for inequality in recruitment to top-level occupations and for allocations of rewards within the labor market (see e.g. Bourdieu 1998: 19-30, 1996, Collins 1979, Bourdieu and Passeron 1977, Bourdieu 1973).

Both Collins (1979: 9-19) and Bourdieu (1973) emphasize the distinctive cultural market that conditions the reward and selection system within the educational system. They hold that technical skills are seldom taught in school, but that skills required for managerial and professional positions are acquired through on-the-job training. Educational credentials rather serve to increase the status of specific professions and to exclude the admission of laymen through exclusionary mechanisms of upper-class cultural socialization in the educational system—facilitating *social closure*. The notion of closure entails the process by which groups seek access to advantageous resources and correspondingly exclude other groups by restricting the availability of these resources. By establishing certain attributes as the basis for access to resources in society, closure strategies seek to legitimize the concentration of distributive inequality (Parkin 1979: 44). As such, the function of education has more to do with "middle-class culture rather than academic skills per se," and acquisition of diplomas symbolizes a certification value that enable recognition in the labor market (Collins 1979: 19,72). Therefore, business schools, as an arena for socialization of "standards

understanding inequality, together with assumptions of the underlying mechanisms producing inequalities, are markedly different within these the two sociological contributions.

[26] Roughly, the notion of habitus entails a pre-reflexive, practical, and tacit knowledge that orient behavior, opinions, values, taste, and the like, whose most durable structure is founded in domestic transmission of capital structures based on volume and composition of economic and cultural capital (see e.g. Bourdieu 1990a: 59-63, 1998: 24, 1986, 1984: 169-175).

of sociability and propriety" coupled with the social networks and connections that are ensured through similar exclusive schools and programs (Scott 1997: 311, 1982: 158-162) facilitate homogeneity in outlook and values and enable tacit knowledge of the "business ethos" of the corporate community. Though not distinguishing between different capitalist class situations, Bourdieu (1984: 132-137) resembles Scott in his argument that as a consequence of the "schooling boom" classes who are richest in economic capital have increasingly altered their reproduction strategies through the usage of the educational system, and thus reconversion strategies from economic capital to (institutionalized) cultural capital in search of legitimate reproduction of advantage.

2.5.2 Previous Research into Reproduction of Advantage in Norwegian Business Elites and The Economic Upper Class

To a large extent, Norwegian researchers have documented intergenerational reproduction, contesting the notion of a "meritocratic" and open society where access to societal positions are conditioned on achieved merit as opposed to ascribed, and thus inherited, characteristics provided by familial resources. Considerable evidence has been provided on a class-structured organization of opportunities within the labor market and consistent patterns of intergenerational transmission of inequality over time (Wiborg and Hansen 2009). If technical skills are crucial in the recruitment to elite occupations and to the allocation of rewards within the labor market, as argued by Bell and other "managerialists," similar education should ensure equal opportunities for all individuals, irrespective of their social origins. However, Hansen (2001) finds that the association between economic rewards and education varies by class background as individuals with high social origin receive greater income than other individuals with similar education, measured as both educational field and length. Elsewhere, Hansen (1995: 188-192) has shown that the skewedness of economic rewards was greatest for those who originated in the higher classes with large amounts of economic capital, and especially for those who had degrees in business administration.[27] The advantage of having these credentials combined with coming from the economic upper class (i.e. having fathers who were themselves managers) was found to be the most profitable late in the occupational

[27] Note that these mechanisms of advantage were persistent if the offspring followed the career choices of their fathers, while no significant effect was documented if they perused work in other spheres of the labor market, such as work within the professions (Hansen 1995: 196).

career, and these advantages were persistent even when comparing individuals of equal educational level, gender, age, working hours, employment status, and occupational field.

Additionally, considerable evidence of inequality *within* the educational system has been detected in previous research. As the Norwegian educational system is characterized by few private institutions and relatively small differences between quality and prestige, Mastekaasa finds that the stratifying role these institutions have in other countries (c.f. Ball et al. 2002, Hartmann 2000, Bourdieu 1996, Stanworth and Giddens 1974, Domhoff 1970: 78) is less consequential in Norway. However, he concludes that “the sorting of students to elite fields of study[28] serves some of the same function,” and similarly to Hansen, he finds that especially degrees in business administration are positively associated with elite status (Mastekaasa 2004: 233).

In fact, there is considerable evidence of inequality within the educational system and attendance to elite fields of study. Hansen (2010) has shown that the association between class and colleges has decreased slightly over time in Norwegian society, while persistent patterns of class-based selection to universities and elite fields of study are documented. She finds that social origin and parental income affect recruitment to elite fields of study to a greater extent than the choice to pursue university-level education. Elsewhere, Hansen (1997a: 312-317) has documented that both class origins and parental income have profound effect on educational choices at the higher levels of the educational system, in addition to inequality in educational attainment (Hansen 2008). She finds that children of managers have been more prone to choose degrees in business administration and that their choices have therefore seemed to have been based on their “status group culture” (Hansen 1995: 151).

Similar results have been offered by Helland (2004: 148) who compares the likelihood of pursuing degrees in business administration contrasted to economics degrees.[29] He finds that individuals were more prone to obtain degrees in business administration if they were of managerial origin, if their parents themselves had degrees in business administration, and that individuals were more likely to study business administration the greater levels of parental income. It holds that, despite the more egalitarian structure of the educational system in Norway, with its lack of tuition fees and the subsidiary State Educational Loan Fund, considerable class-specific educational paths have sustained, and acquisition of degrees in elite fields of study, such as business administration, may have facilitated the possibility of

[28] I.e. prestigious fields that are characterized by high entry requirements. See chapter 3 for a further discussion of the operationalization of elite fields of study in the present study.
[29] In Norwegian: s*iviløkonom* and *sosialøkonom*.

reconversion strategies of advantaged familial capital structures to "legitimate" access to powerful societal positions.

In his study of recruitment to Norwegian business and public sector elites, Mastekaasa (2004) finds that social origin affects recruitment to elite positions in society, an effect that was primarily mediated through education. Furthermore, Mastekaasa documents a direct effect of social origin on admission to elites for those who have low levels of education and who are recruited to small private business firms. However, in contrast to Hansen (2001), these direct effects were smaller among the highly educated.[30]

In the comprehensive study of Norwegian power elites, Klausen finds that upper-class origin and upper-middle class origin were four times more persistent among elite members than in the rest of the society. Additionally, self-recruitment was found to be greater in the private business elites compared to the other power elites in Norwegian society. Similarly to Mastekaasa's study, the observed difference between individuals of different class origins is ascribed both direct associations with upper-class origins as well as mediating associations through education (Klausen 2002b: 80-81, 88-89). Hjellbrekke et al. (2007: 263) find that the Norwegian field of power in the year 2000 was characterized by substantial reproduction where having parents who had been board members was associated with top-level positions for the offspring, as well as evidence for "a school-mediated mode of reproduction" through reconversion strategies of these inherited capital structures to educational capital.

However, analyzing recruitment to Norwegian power elites, Klausen (2002b: 86) finds that education was of greater importance among individuals with working-class origins, and Flemmen (2009) reports a slight independent effect of education on admission to the Norwegian upper class in addition to reported effects of class origin. It follows that we cannot rule out the possibility that education may serve as a ticket to the top-levels of the economy, although the general trend of persistent inequality and the school-mediated mode of reproduction have been documented.

In his analysis of changes over time for the Norwegian birth cohorts of the period 1950—1969, Mastekaasa (2011) finds evidence of a strong, and slightly increasing, direct effect of social origin on earnings, an effect that was particularly strong within small organizations in the private sector. These effects were very strong when measuring parents' earning, while parents' education had a slight negative effect on their offspring's earnings.

[30] The divergent results between these two studies are mainly thought to reflect differences in measurements. See Mastekaasa (2004: 231) for a further discussion on plausible reasons for this observed discrepancy.

Direct effects of having wealthy parents on the admission to the Norwegian upper class have also been documented, and through the additionally indirect education-mediated association, Flemmen (2009) argues that the economic upper class was characterized by social closure. Moreover, Flemmen finds that closure was also persistent at the top-levels within the economic upper class, primarily as a result of direct transmission of advantage. Economic success within the top-levels was found to be associated with social origin, and perhaps surprisingly, Flemmen documents that higher education had a slight negative effect on the income at these levels.

It holds that the individuals who are investigated in this thesis constitute a highly selective and privileged group of individuals, whose attained membership in the economic upper class is entrenched in a complex bundle of reproductive strategies. However, with only one exception, previous research offers little insight into whether there exist internal differences in the dynamic by which individuals are recruited to the two spheres of industry and finance, respectively. In his analysis of the structure of the economic upper class, Flemmen (2012: 1049-1050) suggests that finance/insurance positions are associated with high volumes of educational capital and inherited capital, the latter measured as parental occupation, income and education. Although Flemmen's multiple correspondence analysis reveals traces of the financial industries' distinctiveness in the upper class, the financial elite was not the primary unit of analysis in his study, and it remains to be seen if similar results are obtainable with different statistical tools.

2.5.3 Social Cohesion and Elite Integration

While recruitment to Norwegian business elites and the economic upper class has been studied to some extent in Norwegian sociology, studies of internal integration within these top-levels have been scarce. As interaction between the elites of finance and industry make up a central research question in the present study, I will briefly present relevant sociological perspectives on this topic.

Scott (1985: 11-14) argues that "the model of class-cohesion" holds that frequent meetings and interaction in business life facilitate social and economic integration within the upper classes. Recruitment to boards is argued to be associated with high-class origins and exclusive educational trajectories through which homogeneity in outlook, experiences, and values facilitates cohesion among board members. The board therefore constitutes a possible and probable meeting point to stimulate informal contact and frequent encounters in both formal and informal arenas that reinforce the initial “business ethos” of the class.

Unification of class-wide interests was emphasized by C. Wright Mills in his influential study of the American power elite. Mills argues that top positions among the great corporations require a disregard of industry-specific and firm-specific interests in favor of the manifestation of “the interests and outlook of the class of all big corporate property as a whole” and that diversified ownership with numerous executives facilitates the “unity of the property class” (Mills 2000: 121). Mills claims that this unification of interests between the managerial elite and the corporate rich is consolidated through organization in explicit associations that enhances the possibility of exercising power with respect to both labor and the political sphere. Useem (1984: 174) argues that an established *inner circle* of multiple directors has been essential in promoting these class-wide interests. The facilitation of inner circle action is provided by the inner circle’s inter-corporate network, which ensures recruitment to particularly powerful positions, the levels of social cohesion (trust, mutual obligation, mutual identities and culture) that are established through participation in these networks, its close ties to the traditional upper class, and its presence in the above-mentioned business associations. Useem argues that upper-class offspring to a larger extent gain access to the inner circle and that their upper-class socialization of values, their educational credentials, their family-based social contacts, and their financial assets enhance the inner circle’s cohesion and expand its potential for political influence (Useem 1984: 61-70).

Scholars have considered social solidarity and homogeneity in political outlooks to be a pivotal conditioning for the conglomeration of interests in the upper class (Useem 1980: 53). In Norway, Gulbrandsen (2005) has documented ideological integration within the private business elite,[31] characterized by political orientations opposing the welfare state model and socialist politics in favor of privatization and marketization. Evidence of an inner circle with corresponding coherent political coordination has been provided for the years 1900—1950 in Norway and the rest of the Scandinavian countries (Stenlås 2001), but Gulbrandsen’s (2005: 338) more recent study does not detect a significantly distinct inner circle in terms of political outlooks, when defining *inner circle* as individuals with extensive interlocking networks with membership of ten or more boards. Rather, these individuals resembled their colleagues in the remaining of the private business elite.

[31] Similar results are also evident in Hjellbrekke and Korsnes (2003: 69-83).

Still, similarity in political outlook is just one of many indications of social cohesion within the economic upper class.[32] As opposed to objective class situations defined by equal life chances in the market (Weber 2000: 52-53), Weber argued that a social class is a class of communal affinity and solidarity defined as "the totality of those class situations within which individual and generational mobility is easy and typical" (Weber 1968: 302). Although Weber's definition implies circulation, Scott (1997: 276-280, 1996: 29-30) argues that Weber additionally referred to demographic processes of interaction. While circulation is evident in occupational career mobility between capitalist class situations among individuals and across generations, interaction entails informal acquaintance patterns and intimate relations. Scholars have emphasized the constitution of upper-class cohesion due to patterns of intermarriages and kinship relations (Hjellbrekke and Korsnes 2003: 53-60, Zeitlin 1982: 207-209), social interaction in social clubs and leisure activities, geographical proximity, acquaintance patterns, lifestyle and taste homogeneity (see e.g. Bourdieu 1984, Domhoff 1970), and socialization in domestic and educational environments, all of which are anticipated to ease circulation and interaction within the economic upper class and allow for the constitution of a Weberian *social class*.

2.5.4 The Emergence of Capital Market Intermediaries

While the preceding review of sociological research on economic elites to some extent incorporates aspects of financial expansion, for example evident in the emphasis on indirect forms of ownership, sociologists have recently argued for the emergence of a distinct new group of elite members as a consequence of financialization.

Folkman et al. (2007) argue that there are important similarities between the managerial debate that marked mid-20th century sociology and the emergence of new capital market intermediaries in present-day capitalism. The "managerialists" emphasized the inability of the preceding Marxist paradigm, with its emphasis on owners and employees, to grasp the increasing importance of propertyless managers. Their key argument rested on the necessity to reveal the increasing power that was assigned to the managers, whose position sprung out of the separation of ownership and control. The "managerialists" argued that the theoretical framework of property ownership concealed the emergence of powerful managers,

[32] Indeed, cohesion among objective class positions may occur without a corresponding class consciousness and organized class action. This argument constitutes Bourdieu's main critique of '"the short circuit fallacy" of Marxist scholars in which the sociologist "confuse the things of logic with the logic of things" (Bourdieu 1987: 7). See also Bourdieu (1991: 168-170).

and Folkman et al. argue, in a similar vein, that the analytical emphasis on ownership (owners) and control (managers) has made an emergent type of economic actors—the capital market intermediaries—invisible in social research. Folkman et al. (2007: 557) claim that senior intermediaries have attained considerable strategic power within the economy in their role as "responsive functionaries" through provision of expertise knowledge and advisory services, or in their role as "proactive initiators" consisting of dealers and investors. Generally, these actors are argued to include

> …corporate lawyers, hedge fund managers, private equity fund partners and investment bankers, who provide services to giant firms and initiate some corporate activity such as merger and acquisition (M&A), as well as operating and innovating within the capital market (Folkman et al. 2007: 533).

These "functionaries of finance" are expected to receive "substantial rewards" as a consequence of their facilitation and organization of the economy, while being exempted from potential deficits associated with extensive risk taking (Folkman et al. 2007: 564). The intermediaries are argued to have eroded managerial power and their levels of remunerations are claimed to be greater than the various shareholders whose capital they manage (Wood and Wright 2010: 1052-1053). Rather than entering a contractual relationship with the shareholders, the capital market intermediaries are depicted as unaccountable and "working for themselves." Despite their heterogeneous character, these intermediaries are argued to have a common stake of short-term restructuring—consequently inducing a homogenizing function facilitating an economy in "permanent restructuring" "because deals (be it acquisition or demerger, new issues or buybacks, securitization or rebundling risks) are the source of fees" (Folkman et al. 2007: 561). Put together, the authors claim that in relation to both shareholders and salaried mangers, these intermediaries are superiorly remunerated and through their allocative power constitute the "emblem of present day capitalism"[33] (Folkman et al. 2007: 569).

There are reasons to believe that a growing number of elite members now participate in the financial industries of the economy and that instead of inheriting their titles, today's elites "navigate institutions that help credential them" (Khan 2012: 371). Assuming that women inherit their wealth to a greater extent than men, Edlund and Kopczuk (2009) interpret the declining share of women in the U.S. top-wealth distribution from the late 1960s as a

[33] Arguing that, inter alia, the "new group of financial entrepreneurs" have brought forth an increasing importance of allocative control (as opposed to operational control), Pahl and Winkler (1974: 115) argue that these individuals are more justifiably depicted as elite members than mere owners of capital or managers, and they claim that "we sociologists should henceforth limit our definition of economic elites to those exercising allocative control."

transition from the importance of inherited wealth to that of self-made fortunes. A similar emphasis on the growing importance of self-made income is evident in Piketty and Saez' (2003) discovery of increasing income inequality in the US due to labor, rather than capital, income. Piketty and Saez therefore claim that a new elite consisting of "the working rich" is emerging and replacing the "rentiers."

To what extent are these conclusions drawn in American research on income inequalities transposable to the Norwegian economy? Firstly, we have already seen that Christensen, Fløtten, and Hippe (2006) explain the recent concentration of top income in Norway by growth of capital income, and not due to its decline.[34] Secondly, the two preceding studies deal with top-level brackets of the economy and hence concern a narrower understanding of elite membership than the emphasis on economic upper class eligibility.[35] On the other hand, Veland and Andersen (2008: 33) have demonstrated that the levels of earnings in the financial industry in its totality are greater than other industries in the Norwegian economy, and that their earning levels are exceeding the mean levels of the private sector. Additionally, they provide evidence for extensive bonuses within the financial industries. Thus, there may be reasons to anticipate that the international claim about extensive rewards attributed the "new financial elite" will be affirmed in the Norwegian economy.

In summary, while the "managerialists" have influenced the general account of separation of control within the top-levels of the economy by accentuating managers, the advent of financialization has brought forth the accentuation of capital market intermediaries. Thus, the distinction between three important actors in the economic upper class can be made, depicted by Scott (1997: 37-40) as: shareholders, corporate managers and financiers. The accentuation of capital market intermediaries demonstrates the possibility of substantial economic rewards derived from new powerful positions within the economy. These intermediaries' relatively new arrival in the labor market make them invisible in terms of the conventional emphasis on ownership and control, and their recruitment patterns are arguably dependent on educational credentials rather than inheritance. However, existing Norwegian research offers little insight into this new elite, and any claim about its composition, income

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[34] While the share of capital income of the total income of the 5,000 richest individuals in Norway increased from 57 percent to 86 percent in the period 1993—2004, their share of earnings remained constant in the corresponding time span (Christensen, Fløtten, and Hippe 2006: 7). Additionally, Aaberge and Atkinson (2010) explain the recent growth of top income with increases in dividends for the richest households.

[35] The next chapter includes an in-depth discussion of the definition of economic upper class utilized in this study.

levels, and elite dynamic vis-à-vis other economic elites needs to be clarified through empirical research.

As an attempt to comply with the recent call to reorienting attention to capital market intermediaries, and drawing on the sociological literature on economic elites, the final fourth approach to financialization entails an explorative investigation along the horizontal dimensions of industry and finance within the Norwegian economic upper class, where these intermediaries are operationalized as the financial elite, while managers and owners are analyzed jointly constituting the industrial elite of the real economy. Due to a general lack of knowledge about the financial elite in Norway, no presupposition of the claim to its horizontal dominance can be warranted, and the following analyses are therefore limited to a *weak horizontal* approach to financialization.

2.6 Summary and Hypotheses

So far, we have seen that the idea of increasing power of finance has been central to both contemporary and classical scholars of finance. I have argued that the thesis of "financial dominance" constitutes a "strong" approach to financialization, whose degree of truth needs to be addressed empirically. In contrast to the "strong" thesis of financialization, I have schematized a "weak" understanding of financialization, limited to an observed enlargement of finance, irrespective of possible consequences for societal power structures. Furthermore, I have argued that a possible dominance of finance may be manifested horizontally, in relation to non-financial sectors of the economy, as well as vertically, evident in a skewed distribution between capital and labor and growing economic inequality.

Empirical research has affirmed the first, weak approach to financialization in contemporary Norway, as the reorientation of economic policies in the late 1970s facilitated an expansion of capital markets and financial activities. Additionally, a vertical dominance of finance has been suggested, as greater reliance on financial markets has been associated with increases of income and wealth inequality. The little research that has investigated the horizontal relations of financial power in Norway has concluded with a dismissal of the thesis of dominance of financial relations, as banks or financial institutions have not been particularly central in networks of corporate power. However, interlocking directorships across the finance/industry divide have been scarce in Norway, presumably due to the legislative amendments that restrict some of these corporate ties and the weak position of Norwegian banks during the course of history.

I will argue that a "weak" approach to financialization limited to the horizontal dimension between industry and finance warrants sociological scrutiny as the appearance of financialized elites may have affected the dynamics in the economic upper class. This chapter's contextualizing review of previous research into financialization has demonstrated important differences between Norway and other countries. Hence, there is no reason to presuppose that financialization has had the same associations with elite dynamics in Norway as with those observed in other countries. As with the other approaches, the question of financialized elites needs to be addressed through empirical research. Does the international description of a new financial elite and its claim about the prominence of capital market intermediaries suit the Norwegian financial elite?

We have seen that Folkman et al. have encouraged the need to make visible capital market intermediaries partly due to an anticipation of extensive rewards assigned to these "financial functionaries." Hence, the first research question of the current analysis:

> 1. Is the financial elite characterized by greater economic rewards than the industrial elite?

Although Veland and Andersen (2008) have discovered that the financial industry in its totality acquires greater earnings than the remaining industries of the economy, less is known about the differences between industries *within* the economic upper class. Acknowledging the extensive claim about increased earnings of the new capital market intermediaries, I expect earnings within the financial elite to exceed earnings within the industrial elite.

> $\mathbf{H_{1a}}$**:** The financial elite acquires greater earnings than the industrial elite.

In line with the Bourdieusian approach to social positions that conditions the categorization of class employed in the current study, economic capital constitutes the hierarchical principle for the fraction of the upper class whose capital structure is dominated by economic capital as opposed to cultural capital (Hansen, Flemmen, and Andersen 2009).[36] Hence, various sources of economic capital other than earnings are included in the theoretical and analytical understanding of advantaged societal life chances. The question of the extent to which the financial elite acquires greater economic rewards than the industrial elite therefore needs to be addressed when additional types of income, i.e. self-employed and capital income, are

[36] The Bourdieusian approach to the class structure will be discussed in detail in the next chapter.

included. Remembering the theoretical claim about extensive rewards attributed to capital market intermediaries, I expect that

> **H$_{1b}$:** The financial elite acquires higher levels of combined income than the industrial elite.

The second research question addresses whether the financial elite is characterized by different recruitment strategies than the industrial elite:

> 2. Does the financial elite follow different recruitment patterns and life course trajectories than the industrial elite?

The phenomenon of self-recruitment, i.e. intergenerational inheritance of societal positions, constitutes a central topic in the sociological literature on social inequality.[37] We have seen that Hansen (1995: 196) finds that direct transmission of advantage was only detected if individuals engaged in the same sectors of the labor market as their farthers. As the financial elite is presumably a new elite in the economic upper class, the likelihood of familial advantage due to knowledge of the tacit culture of the elite-to-be, or the familial provision of social capital provided for upper-class offspring is arguably slighter for financial capitalists than for traditional industrial capitalists. Additionally, scholars have hypothesized that an emerging, ever richer elite is composed of men with self-made income, whose attained admission into elite positions within the financial industries is not as conditioned on familial inheritance (Khan 2012: 363). Given these considerations, the following hypothesis about the nature of class inheritance is posed. Note that the detection of class-based recruitment requires the occurrence of independent associations of social origin, once educational captial is controlled for.

> **H$_{2a}$**: The financial elite is to a lesser extent characterized by class-based recruitment than the industrial elite.

We have seen that education has been increasingly accentuated as a mechanism for recruitment to top-level positions in society due to financialized ownership structures, understood both as a meritocratic means of assuring relevant technical skills and as a legitimation strategy to ensure reproduction of advantage. However, skewed access to

[37] Note that measures of self-recruitment are only approximate in this study due to the two distinct class schemes that are utilized to locate the class position of parent and offspring as noted in chapter 3.

educational capital has nonetheless ensured significant barriers to the possibility of profiting from education, irrespective of whether educational credentials reflect competence or symbolic recognition in the labor market.

Previous research into business elites and the economic upper class in Norway has revealed that having economic upper-class backgrounds has been associated with high levels of education, recruitment to elite fields of study, and that these educational profiles have in turn been particularly important for the recruitment to private sector elites and the economic upper class. Although I expect the direct associations of class origin to be lesser for recruitment into the financial elite, there may be reasons to suspect that educational trajectories of extensive education and degrees in elite fields of study are of greater importance for recruitment into the financial elite than for recruitment into the industrial elite (Whitley 1974). Additionally, there have been theoretical claims about the increased importance of credential trajectories into the new elite (Khan 2012). I therefore anticipate that:

> **H_{2b}:** Educational capital and acquisition of degrees in elite fields of study serve as more important admission criteria for access to the financial elite than for access to the industrial elite.

We have seen that both Bourdieu and Collins have argued for a specific class bias of rewards in the educational system and that upper-class offspring to a greater extent than working-class individuals manage to profit from educational credentials. Evidence of variations in economic rewards of education by social origin has been demonstrated by Hansen (2001). Additionally, we have seen that Scott (1997: 292-310) has argued that educational trajectories have served as important admission strategies for individuals of traditional capitalist class origin into new capitalist class situations. I therefore expect that,

> **H_{2c}:** Degrees in elite fields of study are more profitable for individuals of managerial origin than working-class individuals, and this positively association between elite education and upper-class origin is more persistent for recruitment into the financial elite than into the industrial elite.

As the new financial elite, consisting of capital market intermediaries, is anticipated to be characterized by extensive strategic power and substantial economic rewards, the question of whether the financial elite attracts traditional capitalists situated within non-financial industries arises, and thus the question of finance's impact on economic elite reconfigurations. The third research question addresses whether the expansion of finance has influenced the elite behavior of industrial capitalists, evident in career trajectories from the industrial elite into the financial elite. We have seen that the emphasis on increased unity between industry and finance has been central to both classical and contemporary contributions to finance and finance capital theory. The prevalent assumption in the literature stipulates that the increasing presence of finance in the economy facilitates a social integration between industrial capitalists and financial capitalists. Interlocking directorships have been the primary analytical strategy to analyze the merger of finance and industry, but these ties have been scarce in the Norwegian experience. However, I will examine the extent to which integration between industrial capitalist situations and financial capitalist situations occurs by analyzing occupational mobility. The third research question therefore serves to investigate whether such mobility patterns are associated with important background characteristics such as class origin, educational capital and long-term geographical proximity.

> 3. What types of industrial capitalists exit the real economy and enter the financial sector of the economic upper class?

Is financial elite status attainable for everyone within the economic upper class? Domestic socialization into a specific upper-class culture may have induced a specific upper-class habitus that eases the career move from the industrial elite to the financial elite. Although there are reasons to suspect that members of the financial elite have different class positions than their parents (due to the recent expansion of finance), the acquisition of an upper-class habitus may nonetheless stimulate advantages that are tacitly recognized in the financial elite to a greater extent than embodied dispositions facilitated by families with lesser, and differently composed, capital structures. Furthermore, social capital and networks derived from upper-class origin may ease career opportunities and reputation in business life, which in turn may trigger employer-initiated recruitment, which has been proven efficient in the Norwegian labor market (Hansen 1997b). Hjellbrekke et al. (2007: 257-258) find evidence for an association between inherited social capital, measured by information of parents' board memberships, and familiarity with the economic sector of the Norwegian field of power. I therefore arrive at the following first hypothesis for the third research question:

> **H_{3a}**: Upper-class origin increases the likelihood of elite circulation from the industrial elite into the financial elite.

Anticipating that educational capital is efficacious for securing financial elite positions, I expect that individuals who have acquired elite education and large volumes of educational capital are to a greater extent granted access to the financial elite from the industrial elite. A number of mechanisms may have caused the anticipated importance of education. On the one hand, extensive education may have ensured sufficient competence for the execution of work within the financial elite, while on the other, the benefit of schooling may facilitate enduring resourceful social networks or socialization into a specific business ethos. In addition, the acquisition of a diploma is argued to "universalize the worker" and thus expand the scope of action for the holder of prestigious educational certifications, according to Bourdieu and Boltanski (1977: 63). I therefore expect that,

> **H_{3b}**: Degrees in elite fields of study and educational capital increase the likelihood of occupational mobility into the financial elite from the industrial elite.

The advent of financialized elites and expansion of financial activities may have contributed to geographical concentration of economic power. Given that the capital constitutes "a national financial center" where most of the activity within industries of financial intermediation is located in Oslo (Veland and Andersen 2008: 94- 95), I expect long-time residence in Oslo to increase social capital that may be effective in securing access to the financial elite, as social capital is secured not only through the family, but also in business life (Granovetter 1995). Additionally, geographical proximity may have facilitated informal interaction and acquaintance patterns in everyday life through attendance at similar social clubs, neighborhood activities, differential association and therefore closeness in personal relations (Bottero 2005: 255), all of which is anticipated to increase career possibilities.

> **H_{3c}**: Long-term residence in Oslo affects the likelihood of occupational mobility into the financial elite from the industrial elite.

Distinguishing between the financial elite and the industrial elite, any individual situated in the industrial elite in the beginning of the observational window has three possible career paths: (1) remain in the industrial elite, (2) transition towards the financial elite, and (3) exit from the economic upper class. I expect the opposite association of the above-mentioned mechanisms for the likelihood of exiting the economic upper class, namely low levels of educational capital, working-class origins and long-term residence elsewhere than Oslo.

To the extent that finance's expanding appearance in the economic upper class has influenced elite configurations that are evident in career trajectories from the industrial elite to the financial elite, the circulation between industrial and financial capitalist class situations may facilitate integration and thus ease the constitution of a Weberian *social class*. Cultural socialization in familial and educational spheres may have established a specific solidarity among individuals who have similar life trajectories. All the preceding mechanisms of homogeneity of class origins, educational trajectories and geographical proximity are arguably mechanisms of cohesion which may be further reinforced through elite circulation as continuing interaction extends the initial concurrence of values, preferences, and outlooks (Useem 1980: 55). As such, the growth of finance may have ultimately facilitated social class formation.

The fourth research question concerns the level of economic success associated with career trajectories from the industrial elite into the financial elite.

> 4. Are career trajectories from the industrial elite towards the financial elite associated with increases of income?

Anticipating that financial elite membership is associated with substantial rewards and that finance has indeed affected the scope of action provided for economic elites, I expect the following:

> $\mathbf{H_4}$: Occupational trajectories from the industrial elite towards the financial elite are associated with increased levels of income.

The contrary $\mathbf{H_0}$ for all hypotheses states that the associations documented among all variables are due to coincidence and thus not statistically significant. Alternative interpretations of the associations of the proposed variables are arguably pressing, a matter which I will return to in the final chapter of this thesis. The next chapter contains detailed discussions of the variables and methods employed in the subsequent analyses.

3 Data and Methods

In the following all variables and methods utilized in the current study will be presented. I will discuss potential limitations in the research design and justify the choices made. First, I will present register data and samples. Then, I will discuss the operationalization of all variables. Finally, I will present the statistical methods utilized in the study, as well as statistical significant testing and measures of goodness of fit.

3.1 Register Data

In their call for the reintroduction of elite studies in contemporary sociology, Savage and Williams (2008: 3) argue that the extensive usage of quantitative methods in research into inequality and stratification is partly to blame for the diminishing emphasis on elite studies in recent years. Their argument is based on the difficulty of social scientists to detect small elite groups when the core analytical tool of quantitative researchers has been survey data. Survey data are often based on samples, and rather small, though however powerful, elites therefore become invisible. However, by partaking in the project *Elites in an Egalitarian Society: Recruitment, Reproduction and Circulation*, I have access to Statistics Norway's register data,[38] which are based on individual-level, longitudinal data that are collected through official registers in Norway. Tax, education, and occupation registers make up the three core registers to which the current data are collected. The usage of anonymous serial numbers for each individual in the population enables the unification of different registers as well as

[38] These data were originally provided the research project *Educational Careers: Attainment, Qualification and Transition to Work*.

combining information between individuals such as linking parents to offspring or identification of siblings.

The data contain information on complete birth cohorts from 1955 to 1990 and additional information on their parents and their siblings that are born earlier.[39] Information on these individuals on an 8-year time span is provided, from the year 2003 until 2010.

On the one hand, a conceivable drawback of the data concerns different sources of errors of measurements. For example, in two of the subsequent analyses, the dependent variable regards income, and potential loopholes in the tax-policies, or even sources of tax-fraud, may endanger the validity of the design and, if systematic, may cause systematically erroneous parameter estimates (Skog 2010: 254). However, compared to other quantitative data, such as self-reported survey data, the danger of underestimation[40] due to under-reporting appears substantially smaller with administrative register data. Additionally, there are reasons to suspect that the tax registers are the most vulnerable to this specific type of error of measurement, and given that the tax registers primarily make up dependent variables in the current design, potential errors of measurement constitute a lesser danger to the validity of the conclusions drawn, as measurement errors are of greater significance for the estimation of the independent variables (Skog 2010: 256).

A second potential drawback with register data concerns the lack of subjective information on the individuals observed. The research questions address various aspects of recruitment and hiring processes, and subjective perceptions of communal attitudes or other aspects of informal affinity that affect occupational careers are indisputably of importance in the current study. The register data provides no information on these matters, and hence the data suffers from substantive limitations.

On the other hand, the disregard of subjective information offers considerable advantages as it serves to avoid common validity problems associated with survey data such as erroneous responses due to, for example, obliviousness, under-reporting as a result of self-presentation, or imprecise formulations of the questions raised. The data are in this sense more accurate as they contain registered information that do not suffer from subjectivist knowledge and may in this way serve as a potential "break" with errors that facilitate what in the French historical epistemological tradition is known as "spontaneous sociology" (see e.g. Broady 1996, Bourdieu, Chamboredon, and Passeron 1991). Hence, due to the considerably

[39] Note that siblings may also be born later than 1990.
[40] See the discussion of the operationalization of earnings and combined income for a further pitfall facilitating underestimation, associated with negative income figures.

more “objective” information provided by the official registers, these data offer high levels of validity.

The disadvantage of not being able to obtain information on subjective group solidarity is perhaps better complemented with qualitative data than quantitative survey data, due to the difficulty of detecting these “invisible” and scarce elites with the latter types of data. However, the comprehensive project of triangulating quantitative and qualitative data in one encompassing design lies outside of the scope of the current thesis.

As the data is not collected by sample, but includes information on the population in its totality, external validity is automatically improved with the current data. However, to ensure that the associations observed are not due to coincidence and in order to warrant substantial interpretations, I will employ statistical significance tests in all the subsequent analyses.

Apart from the recruitment analyses, a reduced sample of the initial population has been constructed consisting of only those individuals who at some point in the observational window have been eligible for economic upper class membership.

3.2 Research Strategies

The current research design is constructed in correspondence with the four research questions of interest:

1. Is the financial elite characterized by greater economic rewards than the industrial elite?
2. Does the financial elite follow different recruitment patterns and life course trajectories than the industrial elite?
3. What types of industrial capitalists exit the real economy and enter the financial sector of the economic upper class?
4. Are career trajectories from the industrial elite towards the financial elite associated with increases of income?

The four research questions are analyzed in four separate approaches. All models follow the “add-a-regressor” approach, where the overarching goal is to secure the comparison of units (i.e. individuals or elites) that are as equal as possible on theoretically sound variables (Skog 2010, Firebaugh 2008).

1. The question of the levels of earnings and combined income in the financial and industrial elite is analyzed with OLS (ordinary least square) regression analyses where the

dependent variables are continuous. The models are estimated with two important considerations in mind. Firstly, to account for important period effects that influence the level of income within each elite, I have included interaction terms between elite status and year. Secondly, in order to ensure that greater levels of income or earnings within one elite is not due to important background characteristics of the members of each elite (such as age), I introduce control variables of class origins, age, gender, higher education and elite fields of study.

2. Recruitment to each elite is analyzed with binary logistic regression analyses where the two separate dependent variables are dichotomous, denoting industrial elite and financial elite, respectively. The base model includes the explanatory variable, class origin, and various control variables (gender, age, long-term residency in Oslo). The second model introduces educational variables (higher education and elite fields of study) in order to investigate whether initial associations between elite status and class origin are confounded by educational credentials. The third model includes an interaction term between class origin and elite fields of study in order to investigate divergent gains of equal educational profiles. The aim is to compare the two recruitment analyses in order to determine whether the financial elite follow different life course trajectories than the industrial elite.

3. In order to answer the question of what types of industrial capitalists enter the financial sector of the economic upper class, I analyzing career trajectories from the industrial elite. Multinomial logistic regression analysis is employed where the dependent variable is categorical with three values, in correspondence with the three available career paths for each industrial capitalist. The base model includes the explanatory variable, class origin, and various control variables (gender, age and 2003-income deciles of the economic upper class income distribution). The second model adds explanatory educational variables, while the third adds the final explanatory variable, long-term residence in Oslo.

4. The final analysis of economic success associated with each career move from the industrial elite to the financial elite is investigated with OLS regression, where the dependent variable is continuous, denoting income differences by pair of years. The base model includes only the explanatory variable, career path, while the second introduces the control variables of class origin, gender, age, and yearly difference. Finally, the third model adds control variables of higher education and elite fields of study.

3.3 Operationalized Variables

3.3.1 Dependent Variable I: Earnings and Combined Income

Earnings, capital income,[41] and income from self-employment make up three separate measures of income available through the Norwegian Tax Register. Each measure of income has been standardized to NOK 2010 to enable comparisons over time. Some observations of capital income and income from self-employment are negative due to, for example, self-employers who in previous years have experienced deficits or losses in security, losses in sales of stocks, and the like. These negative measures of income do not automatically reflect disadvantaged life chances as yearly fluctuations may provide exponential growth in income the following years (Aaberge, Andersen, and Wennemo 1996: 7). Due to these considerations, I have fixed all negative observations of capital income and self-employed income to zero to avoid underestimation in the summarized income variable. This practice is common when analyzing tax income data (see e.g. Galloway and Mogstad 2006: 10, Langørgen and Aaberge 2002: 11). Perhaps surprisingly, some negative values of earnings were detected when inspecting the data. Given that these deviant measurements amounted to 129 observations, these negative figures were additionally fixed to zero. Considering the scarce frequency of these negative earnings this procedure is arguably of no significance in the analyses.

Earnings are logarithmically transformed through natural logarithms (i.e. the mathematical constant set to 2.71), in order to account for extreme outliers that may wind up the estimation of mean earnings for each elite (as common i many sociological studies, see e.g. Atkinson and Piketty 2010).

I have measured combined income as economic capital in its entirety by summarizing earnings, capital income, and income from self-employment. The summarized income variable is thereafter logarithmically transformed.

3.3.2 Dependent Variable II: Elite Status

Industry elite status and financial elite status make up the dependent variables for both the recruitment analyses and the analysis of career trajectories departing from the industrial elite.

[41] Chiefly, capital income consists of dividends, interest income and capital gains (Christensen, Fløtten, and Hippe 2006: 9).

I will therefore review how these elite statuses are constructed, followed by the operationalization of the distinct variables investigated in these analyses.

The construction of the measure of elite status is based on the Oslo Register Data Class Scheme (ORDC) completed by Hansen, Flemmen, and Andersen (2009). The structuring principle behind the classification is the Bourdieusian insights about vertical and horizontal divisions between objective class positions whereby differentiation between cultural and economic capital results a social space approach to class and inequality. In line with Bourdieu's notion of class fraction, the horizontal axis based on the relative composition of economic and cultural capital is divided into three broad elite fields. These correspond to high volumes of capital based on predominantly cultural capital (i.e. the cultural elite), high levels ensured through the acquisition of both economic and cultural capital (the professional elite), and, lastly, the economic elite, characterized by high levels of economic capital.

The latter enables the construction of the financial elite and the industrial elite through additional usage of information of industries. Although Hansen, Flemmen, and Andersen coin these objective positions as economic elite, this sphere of the social space will henceforth be referred to as the economic upper class.[42] This clarification is in line with the Bourdieusian notion of class which is argued to be "classes on paper" (Bourdieu 1991: 231-232).

The ORDC-scheme, illustrated in table 3.2, therefore entails the substitution of the word *upper class* for the initial word *elite* as employed by Hansen, Flemmen, and Andersen. As such, both the industrial elite and the financial elite are understood as objective positions located within the economic upper class.[43] The notions of *class* and *elite* are therefore treated interchangeably, both viewed as analytically constructed categories that are carved out of a "social space" defined by composition and volume of capital, as noted in the introduction.

The ORDC-scheme is primarily sorted based on occupational information. However, the categorization has been complemented with additional usage of income information for those positions where the capital structure is dominated by economic capital. First, occupational information indicating top-level positions within the organizational hierarchy, e.g. managers, directors and the like, was identified and individuals with such occupations were included in the economic upper class if a three year average of their capital income and

[42] The usage of the term *economic upper class* as opposed to *economic elite* is in line with other Norwegian studies; see for example Flemmen (2009).
[43] Some additional restrictions to the economic upper class have been implemented due to deviant observations in the data. Individuals younger than 25 years of age and occupations that require low levels of skills and specialization such as lower-level craft and trade workers, machine operators, and elementary occupations have been omitted in the analyses. This remedies errors of some upper class members being assigned industrial elite status due to great levels of economic capital while not holding powerful elite positions in the economy.

earnings exceeded NOK 1 million. Then, self-employed and owners were included if their three-year average sum of capital income and self-employed income was greater than their earnings and if these averages exceeded NOK 1 million (Hansen, Flemmen, and Andersen 2009: 11-12).

I have utilized the Standard Industrial Classification scheme provided by Statistics Norway[44] in order to distinguish the financial elite from the industrial elite, noting that both elites are positioned within the economic upper class in the ORDC-scheme. Those who occupy positions within the economic upper class but who work within the industries of financial intermediation are classified as the financial elite, while those in the remaining industries, i.e. all other but the financial industries, are classified as the industrial elite. I utilize the following industry codes to distinguish the financial elite:

Table 3.1: Industries of Financial Intermediation

SN2007	From 2009-2010	SN2002	From 2003-2008
64.110	Central banking	65.110	Central banking
64.190	Other monetary intermediation	65.120	Other monetary intermediation
64.201	Activities of financial holding companies	65.210	Financial leasing
64.202	Holding companies serving special purposes	65.220	Other credit granting
64.301	Unit trust	65.231	Unit trust
64.302	Other investment companies, except captive companies	65.238	Portfolio investments
64.305	Charities which do not distribute means themselves	65.239	Other security management
64.308	Captive investment companies	66.010	Life insurance
64.910	Financial leasing	66.020	Pension funding
64.920	Other credit granting	66.030	Non-life insurance
64.990	Other financial service activities, except insurance and pension funding n.e.c.	67.110	Administration of financial markets
65.110	Life insurance	67.120	Security broking and fund management
65.120	Non-life insurance	67.130	Activities auxiliary to financial intermediation n.e.c.
65.300	Pension funding	67.200	Activities auxiliary to insurance and pension funding
66.110	Administration of financial markets		
66.120	Security and commodity contracts brokerage		
66.190	Other activities auxiliary to financial services, except insurance and pension funding		
66.210	Risk and damage evaluation		
66.220	Activities of insurance agents and brokers		
66.290	Other activities auxiliary to insurance and pension funding		
66.300	Fund management activities		

The ORDC-scheme secures that similar criteria for economic capital are ensured for both elite groups, and its emphasis on the complete usage of income information ensures the inclusion of both owners and employees within the economic upper class. It holds that important capitalist class situations would have been neglected if additional criteria of income had not been employed in the classification work. The vast majority (approximately 90 percent) of

[44] Statistics Norway's industry codes were improved after the year 2008. From the period 2003—2008 the SN2002 standard was utilized http://www4.ssb.no/stabas/ItemsFrames.asp?ID=5556001&Language=en (read: 12.10.12), while the SN2007 standard sorts industries after the year 2008 (Statistics-Norway 2008).

financial elite members in the current operationalization are directors, chief executives, managers, and finance and sales associate professionals. In table 3.2, the ORDC-scheme, with percentages and frequencies in year 2010 is illustrated.

Table 3.2: The ORDC-Scheme with Percentages and Frequencies for Each Class Position in the Year 2010[45]

<table>
<tr><th colspan="4">Upper classes</th></tr>
<tr><td rowspan="2">Cultural upper class
Professors, artists,
executives in publishing etc

N = 23 678 (0.87%)</td><td rowspan="2">Professional upper class
Doctors, assistent doctors,
judges, pilots

N = 58 182 (2.13%)</td><td colspan="2">Economic upper class
High capital income. Executives and managers
with salaries above NOK 1 million

N = 36 301 (1.33%)</td></tr>
<tr><td>Financial elite
Industries of financial
intermediation
N = 3 520
[10.11 %]*</td><td>Industrial elite
Non-financial
industries
N = 31 307
[89.89 %]*</td></tr>
<tr><th colspan="4">Middle classes</th></tr>
<tr><td>Cultural upper middle
Teachers with BA ("adjunkt"), special
teachers, librarians, lecturers, journalists,
musicians in entertainment

N = 58 155 (2.13%)</td><td>Professional upper middle
Consultants, engineers, lower
executives, special nurses
(higher ed), physiotherapists,

N = 266 837 (9.79%)</td><td colspan="2">Economic upper middle
Medium capital income
Various executives and managers
in the private secotr, financial
brokers, accountants etc. With salaries
ranging from NOK 0.5 to NOK 1 mill

N = 128 804 (4.72%)</td></tr>
<tr><td>Cultural lower middle
Teachers, primary school teachers
child welfare pedagogues, social
workers, children's nurses

N = 108 509 (3.98%)</td><td>Professional lower middle
Nurses, authorized social educators,
first secretaries, chefs, machinists

N = 223 516 (8.20%)</td><td colspan="2">Economic lower middle
Small capital income
Occupational titles similar to high
economic class, but with incomes
below NOK 0.5 million

N = 189 223 (6.94%)</td></tr>
<tr><th colspan="4">Working classes</th></tr>
<tr><td colspan="4">Skilled workers
Auxiliary nurse, milieu therapist (somewhat similar to social workers), electricians
N = 403 383 (14.79%)</td></tr>
<tr><td colspan="4">Unskilled and partly skilled workers
Assistants, cleaners, private security officers, janitors, drivers, waiters,
N = 543 182 (19.92%)</td></tr>
<tr><td colspan="4">Farmers, foresters, fishermen
Larger primary sector income than income from salaries, wages, and capital income
N = 31 945 (1.17%)</td></tr>
<tr><td colspan="4">Welfare transfers
Larger welfare transfers than income from salaries, wages, and capital income
N = 376 347 (13.80%)</td></tr>
<tr><td colspan="4">Missing: N = 278 885 (10.23%)</td></tr>
</table>

*****percentage shares within the economic upper class.

Note: The summarized number of financial elite and industrial elite members does not correspond to the number of individuals within the economic upper class due to additional occupational and age restrictions.

[45] I have modified the class scheme by substituting the word *elite* by *upper class* and included the financial elite and the industrial elite in the economic upper class. Examples of the different occupations are based on Hansen, Flemmen, and Andersen (2009: 10)

We can clearly see the very small character of these respective elites, and thus acknowledge the distinctive advantage of register data that makes it possible to study these obscure groups of individuals in society. I would like to stress three pitfalls associated with this approach to the operationalization of the industrial and financial elite.

Firstly, the ORDC-scheme suffers indisputably from the common *boundary problem*[46] as the NOK 1 million three-year average income criterion is arbitrary. However, the scheme has been commonly asserted in sociological research at the University of Oslo, and as such the current contribution may discover pieces of a collective puzzle. Furthermore, the previous chapter has reviewed previous research into the Norwegian economic upper class, and the extended usage of the same class scheme allows me to utilize previous knowledge about the dynamics of the current unit of analysis (especially evident in Flemmen's (2009) discoveries of social closure within the economic upper class). Therefore, it seems fruitful to extend the usage of the ORDC-scheme.

Secondly, another potential critique of the current approach to locating industrial and financial elite positions may stem from the neglect of the organizational perspective on authority and power. For example, Useem (1980: 42-43) argues that "[t]he corporation and the corporate elite cannot be understood apart from one another," where locating class positions irrespective of internal structures of organizational form and interconnectedness between various organizations neglects the simultaneous forces of power determined by both class relationships and organizational form, such as sector size, corporate traits and inter-corporate power relations (see e.g. Bourdieu 2005: 195, Scott 2003: 156-159). An alternative approach to locating elite positions may therefore include a more specific selection based on the organizational form of each firm, as employed in the study of Norwegian power elites where business elite status is determined by chairman of the board and general manager in firms with more than 400 employees and the top-level corporate management in firms with more than 4,000 employees (Klausen 2002a: 284). As such, incorporating the organizational framework would also remedy the initial pitfall associated with the arbitrary nature of the one-million-income criterion. However, as argued by Engelen et al. (2011: 177), the financial industries do not consist of a few leading companies whose bureaucratic structure are managed by a number of leading executives at the top, but is complexly composed, such that also small-scale private equity partnerships and hedge funds are core actors in its organization.

[46] See e.g. Parkin (1979: 11-28) for a general account of the commonality of boundary issues in sociology.

Thirdly, in the various regression analyses, industrial elite positions are analyzed jointly, although the classification work through which individuals are assigned upper-class membership distinguishes between owners and employees. As emphasized by many authors (see e.g. Flemmen 2012: 1053, Scott 1997: 278-279), there may be reasons to suspect that different sources of income (economic capital) facilitate divergent capitalist class situations.[47] Although differentiating between divergent capitalist situations due to different sources of income may contribute to important knowledge about the internal dynamics of the economic upper class, the financial elite and the industrial elite make up the analytical units of the current analysis, and a further sub-division within the industrial elite does not make up an immediate concern for the present questions raised. Additionally, the theoretical contributions accentuating capital market intermediaries claim that these new actors have become prominent in relation to shareholders and salaried managers both. A second reason for this unification, however pragmatic, is the scarce number of individuals within each elite, and thus the attempt to maximize the number of observations in the data. Therefore, I will follow Useem (1980: 53), who treats the corporate elite “as a capitalist class of owners and managers.”

I utilize the previous logic of identifying the financial elite and the industrial elite to construct three separate dependent variables for the analyses. Firstly, the two dependent variables of the recruitment analyses are constructed based on the above-mentioned logic for distinguishing elite statuses. Separate dichotomous variables are constructed, denoting industrial elite and financial elite, respectively.

Secondly, elite status also makes up the dependent variable for the investigation of the third research question—concerning the various career paths for individuals who held industrial elite status in the year 2003. In order to measure as many occupational transitions as possible, I maximize the number of occupational transitions, where 2003 marks the point in time to which mobility trajectories are registered if an individual had moved to the opposite elite or exited the economic upper class by 2004, 2005, 2006, 2007, 2008, 2009, or 2010. The operational definition of a three-value dependent variable is therefore constructed with the value of 1 if an individual had financial elite status in the years 2004—2010, 2 if an individual had industrial elite status in the corresponding years, and, finally, 3 if an individual

[47] A variety of contributions further separates class positions according to types of income. For example, Stockhammer (2008: 212) distinguishes class positions based on wages (workers), profits (capitalists), and interest payments, dividends, and rents (rentiers). The more inclusive category of the ORDC-scheme nevertheless treats all of these sources of economic capital as a unified upper class whenever the conditional criteria are met.

experienced outward mobility resulting in an overall exit from the economic upper class, i.e. 0 on both financial elite and industrial elite after the year 2003. As I am primarily concerned with the transition between the industrial elite and the financial elite, this specific type of career trajectory is given primacy if an individual has experienced both mobility paths in the observational window. Thus, an individual is assigned the value 3 on the dependent variable if, and only if, he or she held industrial elite status in 2003 and thereafter experienced outward mobility from the economic upper class without having participated in the financial sector of the upper class, either before or after the exit from the economic upper class.

3.3.3 Dependent Variable III: Income Differences

The fourth research question concerns the level of economic success associated with career trajectories from the industrial elite into the financial elite. The dependent variable is constructed based on yearly income differences based on the previously defined summarized income variable and reports the percentage point difference of logarithmic income. Income differences are ensured for each year by subtracting each income measure of a given year from the preceding yearly income. Due to a lack of observations for the year 2002, the dependent variable inevitably neglects the preceding changes of income, and thus reports income differences starting in 2004.

3.3.4 Independent Variables

Higher education is constructed through the usage of Statistics Norway's Norwegian Standard Classification of Education (2003) and includes information on educations completed both in Norway and abroad. Observations of highest level of education are reported. The values include postgraduate level, graduate level, undergraduate level, and other (i.e. lower levels of education), all of which are based on the first digit of the educational classification. Dummy sets are constructed where other/lower level makes up the reference category.

Elite fields of study are selected based on Mastekaasa's (2004) article on recruitment to Norwegian business and public sector elites. Four fields are selected: economics, engineering, business administration,[48] and law. These educational fields are viewed as elite fields of study

[48] Business administration refers to the Norwegian title *siviløkonom*, which has been a protected title in Norway from 1963 to 2006 http://www.econa.no/sidetittel-sivilokonom-for-utenlandsutdannede (read: 17.04.13).

at graduate and postgraduate level, except for business administration which was only taught at a lower level, i.e. a four-year program, until 2003. The operationalization is similarly based on the Norwegian Standard Classification of Education, using the first three digits, which refer to narrow and detailed field of education, except for engineering, which is operationalized through the usage of the full seven-digit code that specifies higher-level engineering education. The variable is dichotomous, where the value 1 denotes degrees in either of the above-mentioned fields of study. The association of higher education with the outcome variable is estimated by comparing individuals with similar value in elite fields of study but different educational level. As the operationalization of the variable elite fields of study is conditioned on educational level, the two variables need to be addressed jointly.

Social origin is measured using Hansen's (1995: 90-94) class scheme. The ORDC-scheme is not provided for parents as it is based on a newer categorization of occupations by Statistics Norway that is not provided for the older cohorts. Though lacking the more nuanced distinction between occupations with large volumes of capital, this variable is similar to the ORDC-scheme constructed with respect to horizontal and vertical class situations.[49] The class scheme has ten categories and one additional missing category. The categories are as follows: 1=managers, executives, 2=professionals, academics, 3=engineers, administrators, 4=medium level, private sector, 5=medium level, public sector, 6=small firm managers, 7=lower level employees, service, 8=farmers, etc., 9=skilled workers, 10=unskilled workers. In the analyses, all working-class categories are analyzed jointly, ranging from value 7 to 10. Dummy sets are constructed for each class category in the analyses, with workers constituting the reference category. Missing observations are omitted from the analyses.[50]

Long-term residence in Oslo is measured as a dichotomous variable with the value 1 if Oslo has been the dominant place of residence within a twelve-year time span between 1991 and 2003.

Occupational trajectory is constructed based on observations of elite statuses in pair of years.[51] The variable is constructed with the value 0 if an individual has had industrial elite

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[49] Those class origins differentiated by high volumes of economic capital, namely manager and executive origins, are of greatest theoretical importance in the subsequent analyses. The classification is based on available information in a prioritized order of father's occupation in year 1980 or in 1970, mother's occupation in 1980 or in 1970.

[50] The missing category amounts to 14.07 percent in the full dataset, and 6.61 percent in the reduced sub-sample of economic upper class members.

[51] The independent variable *occupational trajectory* diverges from the previously constructed dependent variable for the multinomial logistic regression analysis, *elite status*, as the latter is based on a maximizing strategy where any occupational transition from between 2004 and 2010 is registered. In order to measure the yearly-variation

status and experienced no movement within a two-year time span, the value 1 if no movement within the financial elite, 2 if an individual moved from the industrial elite towards the financial elite, and 3 if an individual moved from the financial elite into the industrial elite. Dummy sets are constructed where the value 0 make up the selected reference category, as the primary interest is to compare the income differences associated with those who transition towards the financial elite from the industrial elite to those associated with the individuals who remain in the industrial elite.

3.3.5 Control Variables

2003 income deciles are constructed based on the summarized income variable discussed previously in this chapter. The 2003-income distribution in the economic upper class is divided into deciles, indicating the relative level of economic capital acquired within the industrial elite before a potential career trajectory.

Woman is a dichotomous variable with the value 1 if woman and 0 if man.

Age is constructed by subtracting the year of birth from the year of observation. As it is reasonable to assume that the associations between age and the various dependent variables are nonlinear, square terms are additionally constructed.

3.4 Statistical Methods

In the remainder of this chapter, I will discuss and present the statistical methods that are employed in the current study. First, linear and logistic regression models are presented and discussed. As the multinomial logistic regression model presupposes that distinctive conditional criteria are met, I will prioritize a brief discussion of the degree to which the IIA-assumption is sustained in the current design. Then, significance tests and tests of goodness of fit will be briefly reviewed.

3.4.1 Regression Analyses

The analysis of combined income and earnings within each elite (question 1) and the income differences associated with the career move from the industrial elite towards the financial elite

associated with career paths, a more limited variable is suitable although this implies a heavy reduction of observations (2,575 and 574, respectively).

(question 4) are both analyzed with OLS regression models as these dependent variables are continuous and hierarchically ordered.

As the dependent variables of the recruitment analyses (question 2) and the occupational mobility analysis (question 3) are categorical (and therefore non-hierarchized), the usage of linear regression analysis is inevitably rejected as these outcome variables are incompatible with several of its assumptions and particularly its linearity assumption,[52] i.e. one unit increase in the explanatory variable induces one parameter increase in the outcome variable, irrespective of the level of the explanatory variable (Skog 2010: 216).

Regression of a dichotomous dependent variable constitutes a non-linear relationship, as apparent in its S-shaped curve (due to the impossibility of the probability of an event happening to be lower than 0 or higher than 1). The non-linear S-shaped curve can be linear-transformed by logit-transliteration, often summarized in the following two steps. First, estimations of odds are completed (i.e. the ratio of the probability of an event happening as opposed to the probability of its not happening). The estimated odds are then logarithmically transformed through the usage of natural logarithms, which in turn enables the transformation from absolute to relative differences. The logit-transliteration remedies the S-shaped curve as it allows for values that are +/- ∞, and therefore ensures "linearity" (Skog 2010: 354-360). The following equation therefore represents a logistic regression model, which is analogous to the more familiar linear regression logic (Skog 2010: 357):

$$\mathrm{Logit}(\tilde{Y}) = \ln\left(\frac{p}{1-p}\right) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \ldots + \beta_k X_k + \varepsilon$$

Where β_0 denotes the intercept of the regression model, i.e. the logit-value for those who have the value 0 for all variables in the model, β_k denotes the increase of logit when the independent variable X_k increases with one unit, and ε equals the error term of the model, i.e. all unobservable factors that are not included in the regression model that might affect the outcome variable.

As the logit-parameter is estimated based on the logarithmically transformed odds, the antilogarithm of the logit ensures estimated odds ratios, through which one can additionally estimate the probabilities for a given group with a specific value on the independent variable, X:

[52] Violations of other assumptions of the linear regression model include its residuals that are both heteroscedastic and diverge from the normal distribution (Skog 2010: 360).

$$\text{predicted probabilities} = \frac{e^{\beta 0} * (e^{\beta 1})^{x_1} * (e^{\beta 2})^{x_2} \dots (e^{\beta k})^{x_k}}{1 + e^{\beta 0} * (e^{\beta 1})^{x_1} * (e^{\beta 2})^{x_2} \dots (e^{\beta k})^{x_k}}$$

Note that the logit is additive, while odds ratios are multiplicative. Estimating odds ratios, the antilogarithm of the constant denotes the odds of the reference category, while the remaining antilogarithmic parameter estimates denote the odds ratio (or relative risk ratio for the multinomial logistic model) of each unit increase in a given independent variable when the remaining independent variables are held constant.

To ease interpretation, I choose to present the results from the binary logistic regression analyses by odds ratios and the results from the multinomial logistic regression analysis by relative risk ratios (analogous to odds ratios, but its estimates are set relative to the base category), in addition to predicted probabilities for selected groups.

In the multinomial logistic regression model, the outcome variable has more than two values (in contrast to binary logistic regression), and the three-valued dependent variable requires a selected base category through which the outcome variable is transformed to a set of dichotomous variables that are analyzed analogous to binary regression (Tufte 2000: 55). The selected base category renders possible a comparative reference category to contrast the odds of the remaining alternatives. In line with Tufte's (2000: 56) advice to select a reference category grounded in theoretical considerations, the reference category in the following analysis is set to the industrial elite. Thus, the estimates provided signify the relative odds of moving to the financial elite *contrasted* with the relative odds of remaining in the industrial elite, and correspondingly, the relative odds of exiting from the economic upper class compared to that of remaining in the industrial elite. As discussed beneath, I anticipate that there are different mechanisms at play between internal mobility and outflow mobility, and the above-mentioned reference category therefore appears as the most suitable for the current research question.

As with every statistical model, the multinomial logistic model hinges on a variety of assumptions.[53] However, it parts from the binary logistic model and the ordinary least square model by its distinctive assumption of independence of irrelevant alternatives (IIA), which entails the presupposition that the odds estimated do not depend on the presence of other alternatives (Long and Freese 2006: 243). In the current study, the dependent variable

[53] Analogous to the binary logistic regression, these include (1) the logistic curve coinciding with the actual empirical relationship in the data, (2) all observations being independent, and (3) no variables that are correlated to both the independent variables and the dependent variable being omitted (Skog 2010: 380-381).

includes three alternatives: (1) remaining in the elite one occupied in 2003 (the industrial elite), (2) transition to the financial elite, and (3) exiting the economic upper class. IIA presupposes that by adding or removing any of these alternatives, the odds of pursuing any of the above-mentioned alternatives remain the same. In order to sustain the IIA assumption, Long and Freese (2006: 244) argue for the need to construct designs that are theoretically grounded where alternatives are not substitutes for one another.

Following their advice, I would like to briefly discuss how the IIA assumption can be warranted in the current study. I will argue that there is little reason to suspect that removal of any of the above-mentioned alternatives would affect the estimated odds due to suspected divergent mechanisms that causes the two career paths**—**which in turn strengthens the assumption that the alternatives cannot be substituted by one another. As the economic upper class in the ORDC-scheme is defined in terms of economic capital, the exit from a position in the economic upper class implies reduction of economic capital,[54] which makes its reasonable to anticipate that reduction in capital stems from other mechanisms than the transition to different industries *within* the upper class.

However, the possible disruption of odds when adding additional alternatives requires more attention. Firstly, exit from the upper class (alternative 3 above) may be due to vertical mobility or horizontal mobility towards e.g. the professional upper class or the cultural upper class (see table 3.2). One might anticipate that if this distinction was made, the odds of outflow might appear different. Despite this theoretical possibility, research indicates that horizontal movement from the economic upper class is very rare, and the little movement that has been documented reveal vertical mobility, with the majority entering the economic upper-middle class (Hansen, Flemmen, and Andersen 2009: 17-21). Secondly, the rather broad category "industrial elite" consists of a variety of occupations and industries, as its only criterion is membership in the economic upper class and the absence of involvement in the financial industries. Thus, creating different alternatives based on distinctions within the industrial elite may disrupt the odds of internal mobility. The possibility of the latter scenario constitutes a potential shortcoming of the current design. However, the theoretical weight given to the distinction between financial and non-financial firms and the equal dependence of all non-financial firms on the financial industries lead me to the conclusion that transitions

[54] As the classification of the economic upper class is in part conditioned on occupational information, *some* individuals may exit the economic upper class due to transitions to lower-level authority occupations which might be rewarded with large volumes of economic capital. However, chiefly, the exit from the economic upper class is associated with reductions of income.

between all non-financial firms and involvement in the financial industries constitute a distinct dynamic in the economic upper class through which occupational mobility between these spheres make up independent alternatives compared to mobility among non-financial firms. Following this reasoning, subdividing the industrial elite may result in arbitrary small probabilities for movement into the financial elite, as these alternatives may make up substitutes for each other. Nevertheless, the latter discussion is arguably the most vulnerable to the IIA-assumption.[55]

Recent critique of the extensive and carefree usage of logistic models in sociological research has demonstrated that there are additional challenges associated with logistic regression models compared to linear OLS estimation, as the problem of endogeneity is not restricted to a confounder's correlation to the explanatory variable, but encompasses its additional possible correlation to the outcome variable, irrespective of its relation to the independent variables. Due to different degrees of unobserved heterogeneity in various models that affect the estimates, challenges in interpretations of the effect measures of variables in the model, comparisons across models and comparisons across samples or across time have been emphasized (Mood 2010). Hence, the reported coefficients in the logistic regression models may potentially report *some* unobserved heterogeneity in addition to the true association between the explanatory and the various outcome variables.

3.4.2 Significance Testing and Goodness of Fit

As panel data is longitudinal with multiple observations for each individual in various points in time, I anticipate extensive within-unit correlation. Because each time-observation is not independent of the previous time period, the standard errors of the panel data estimators need to be adjusted. I will seek to circumvent this specific problem through the usage of cluster robust standard errors for all the subsequent analyses where I cluster on each individual. Regular standard errors presuppose that all errors are independent and equally distributed,

[55] The conditional criterion of the IIA-assumption is the primary reason to utilize binary logistic regression analyses for the investigation of recruitment patterns into each elite. Multinomial logistic regression may have constituted an alternative way of investigating this relationship, especially considering its ability to contrasts alternatives. Hence, I could have analyzed the extent to which central background characteristics heighten the odds for entrance into the financial elite *contrasted* to the industrial elite. However, the alternatives would in this respect induce extensive uncertainty in the soundness of the IIA-assumption as numerous alternatives of occupational positions are evident. Thus, alternatives *after* ensured upper-class membership constitute a more reliable approach for the usage of multinomial logistic regression. While binary logistic regression constitutes the preferable statistical tool for the recruitment analyses, appendix B reports additional affirmative results with multinomial logistic regression.

hence default errors erroneously report underestimated standard errors for panel data analyses. In contrast, cluster robust standard errors take into consideration intra-individual correlations, under the assumptions that the standard errors are independent between individuals and that $N \rightarrow \infty$ (Cameron and Trivedi 2010: 235-251).

Normally we apply significance tests to ensure that the associations observed in the sample is generalizable to the population to which the sample has been drawn (Skog 2010: 173-174). As mentioned in the beginning of this chapter, significance tests will be followed in the subsequent analyses, although I have been provided with population-wide data. The primary reason for the utilization of significance tests on register data is grounded in the acknowledgement that the associations we observed in the data might be due to coincidence (Skog 2010: 121).

Given the statistical margin errors in the data, significance tests report whether one or multiple variables in the model have zero effect on the outcome variable on a given significance level. The various test-statistics, z and t, give an account of the degree to which the observed coefficient diverge from the expected results given that the null hypothesis is correct. Assuming that the null hypothesis is correct, a set probability distribution allows for the detection of a critical value, in comparison to which exceeding test statistics provide statistically sound dismissal of the null hypothesis with a given level of uncertainty (Skog 2010: 173-175).

The test statistics for each estimate in all regression models are estimated based on the following formula, where t-test statistics are reported for the linear regression models, while z-test statistics are reported for the logistic regression models:

$$\mathrm{t} \mid \mathrm{z} = \frac{\hat{\beta}_1}{SE(\hat{\beta}_1)}$$

The test statistics are constructed based on estimations of standard errors which in turn are dependent on the number of observations available. Even though I have been provided with population-wide data, the groups of individuals I analyze in this thesis are arguably small. The analyses of elite trajectories, and especially levels of income differences associated with various career paths, are therefore vulnerable to strict significance levels and type 2 error, i.e. to keeping a false null hypothesis. The significance stars in the tables denote 5%, 1% and 0.1% significance levels, respectively, inferring the percentage risk of making a type 1 error, i.e. the rejection of a true null hypothesis (Skog 2010: 207-208).

Tests of measures of fit are employed for all models in the subsequent analyses. The test statistics provided for linear regression and logistic regression are estimated differently due to the divergence in the ways by which these models are estimated.

Due to heteroscedastic and non-normal distributed errors, the logistic regression model is estimated through a different procedure than the linear regression model, which is estimated based on ordinary least square (OLS), i.e. the minimization of the error sum of square distance between the observed values and the predicted values (Tufte 2000: 24). The logistic regression model is estimated with the maximum likelihood estimator (MLE), which is based on the prediction of unknown coefficients to maximize the likelihood function (the overall probability distribution) in the data, i.e. the usage of the values of the parameters that increases the probability of obtaining the data that are observed (Stock and Watson 2007: 398). For all OLS-models R^2-test statistics are provided, while log pseudolikelihood-test statistics are provided for the MLE-models.[56] R^2 denotes how much a given model explains the total variance in the outcome variable while log pseudolikelihood provides information about whether the variance-component explaining the outcome variable is significant. Both tests are estimated by comparing a given model with an empty model consisting of only the constant (Skog 2010: 418-419). Although these statistics are provided, the research questions do not concern a general consideration of the level of explanatory power given by each model, but suffices to test specific explanatory variables derived from the hypothesis in chapter 2. Hence, I will leave out in-depth discussions of these tests, but it should be noted that these tests demonstrate that each model in the subsequent analyses contributes to improvement of fit.

[56] Log pseudolikelihood-tests, and not log likelihood-tests, are reported due to the cluster robust standard errors.

4 Exploring Elite Compositions and Occupational Mobility

As argued in earlier chapters, the weak approach to financialization has ensured evidence of a recent expansion of financial markets and financial institutions in the Norwegian economy. So far I have reviewed empirical research that documents rising income and wealth inequality associated with these trends and thus a corresponding increase of economic power within the top-levels of Norwegian society. Furthermore, I have remained fairly agnostic to whether recent changes in economic activities have altered the dynamics along the finance/industry divide, though studies of interlocking directorships do not find tendencies of bank or financial centrality in Norwegian inter-corporate networks. However, the development, and facilitation, of new capitalist class situations invites the question of whether the relatively ‘”new” financial elite diverges in core characteristics from the more traditional industrial elite in terms of pay, income, class origins, education, and the like. The current chapter offers a preliminary sketch to central divergent and convergent characteristics of various groups of individuals in the economic upper class in the period 2003—2010.

4.1 Characteristics of Elite Membership

Table 4.1 contains means and percentages of various variables among different groups of individuals within the economic upper class.

Table 4.1: Means and Percentage Shares, by Elite Membership and Occupational Mobility

	Economic upper class		Upper class mobility from 2003-industrial elite*	
	Financial elite	Industrial elite	Internal	Outflow
Social origins (per cent)				
Managers/executives	22.01	18.78	28.58	22.89
Professionals, academics etc.	10.61	8.94	9.01	6.95
Engineers, administrators etc.	14.97	11.78	14.91	9.14
Medium level, private sector	9.57	7.51	5.59	6.78
Medium level, public sector	4.47	4.03	3.73	3.14
Small firm managers	3.77	4.91	5.90	7.68
Lower level employees	6.08	6.54	6.21	6.37
Farmers, etc,	3.21	5.44	2.17	5.87
Skilled workers	8.43	9.08	5.28	8.49
Unskilled workers	11.99	16.81	15.53	16.42
Missing	4.89	6.19	3.07	6.26
Age				
Mean (Min 25 - Max 87)	43.08	45.77	44.35	47.26
Variation (standard error)	0.05	0.02	0.14	0.03
Gender (per cent)				
Men	85.83	85.94	90.06	84.56
Women	14.17	14.06	9.94	15.44
Long-term residence in Oslo (per cent)				
Other	64.53	77.07	58.72	77.28
Oslo	35.47	22.93	41.28	22.72
Income				
Combined incomes (mean)	2,255,171	2,666,543	3,747,376	2,076,179
Variation (standard error)	20262.40	22148.50	189892.20	22876.31
Income (top 5 per cent)	5,439,346	6,391,973	10,200,000	5,728,639
Earnings (mean)	1,838,592	963,394	1,436,961	651,451
Variation (standard error)	10448.11	2587.61	39472.31	3148.66
Capital income (mean)	458,732	1,299,063	1,865,571	1,239,398
Variation (standard error)	17662.91	22480.13	186448.80	23497.51
Income from self-empl, (mean)	59,204	512,262	505,475	289,136
Variation (standard error)	3599.80	4987.96	44429.29	3603.09
Higher education (per cent)				
Other	21.26	36.42	18.29	46.60
Undergraduate	56.25	35.19	56.16	32.22
Graduate	21.68	26.94	24.78	20.06
Postgraduate	0.82	1.46	0.78	1.12
Elite fields of study (per cent)				
Other	63.19	78.38	63.07	85.16
Economy	1.78	0.30	0.62	0.19
Business administration	28.73	9.23	22.99	6.25
Law	2.91	5.07	3.73	4.00
Engineer	3.39	7.02	9.59	4.40
n (person-year)	24,412	193,915	2,575	94,839
N (individuals)	1,513	15,861	322	11,874

*Mobility between between 2003 and 2010. Any occupational transition from 2003 to 2004—2010.

The first two columns provide information on the two elites of the economic upper class, the financial elite and the industrial elite, respectively. The primary focus of the first comparison is therefore on divergence and convergence between characteristics of the two elites. The two following columns contain information on the group of individuals who experienced occupational mobility out of the industrial elite after the year 2003. The first column denotes those who moved to the financial elite (hence, internal mobility) while the second provides information on the group of individuals who exited the economic upper class after 2003 (i.e. outflow).

Table 4.1 provides evidence for both similarities and differences between the financial elite and the industrial elite. Firstly, the two elites diverged in their measures of income. While the industrial elite to a larger extent ensured economic capital from capital income and self-employed income, the opposite holds for the financial elite, where mean earnings exceeded the means of the industrial elite. These measures reflect the divergent types of capitalist class situations in the two elites where financial capitalists are employees, while industrial capitalists are additionally owners. The combined measure of income indicates that the levels of income within the industrial elite exceeded the income of the financial elite, in terms of both measures of means and 95th percentiles. However, it should be noted that the income distribution for both elites were heavily rightly skewed, as illustrated by the large discrepancy between the means and the 95th percentiles. As such, the dispersion within each income distribution reveals great variety within each elite.

Secondly, the two elites diverged in their educational profiles as the financial elite was more educated and had substantially greater percentage shares of elite fields of study, where particularly acquired degrees in business administration were more persistent among financial elite members than industrial elite members.[57] The two previous observations of divergence in types of income and educational profiles may induce a tentative assertion that recruitment to the financial elite to a larger extent is conditioned on educational and credential capital, while recruitment to the industrial elite, with its large share of owners, to a lesser degree requires such educational trajectories. However, the current table cannot verify the truth of this assumption, and I will return to these questions in the following two chapters.

Thirdly, divergent characteristics are apparent in measurement of long-term residence in Oslo. While 2 out of 10 industrial elite members have had long-term residence in the capital, 35 percent of the financial elite resided in Oslo. This observation may reflect the

[57] See appendix C for more nuanced information about educational credentials within each elite.

general account of the importance of cities as “command centres of capital” (Carroll 2010: 224-225) and the corresponding view of Oslo as a “national financial center” (Veland and Andersen 2008: 94-95).

Lastly, the number of individuals that were eligible for industrial elite membership in the 2003—2010 observational window was roughly ten times greater than the corresponding number of financial elite members. The scarce participation in the financial elite is arguable due to the restricted operational definition discussed in the preceding chapter—and hence, the more inclusive construction of the industrial elite, denoting all non-financial industries within the economic upper class.

Despite the above-mentioned divergences between the financial elite and the industrial elite, percentage shares of age, gender and class origin were similar[58] within the two elites. Thus, the two elites converged in their high share of resourceful social origins and scarce participation of females.

Turning to the group of individuals who moved from the industrial elite to the financial elite (the third column), I would like to highlight two remarks. Firstly, these individuals had higher class origins, extensively greater amounts of educational capital (measured as both elite fields of study and level of education), to a greater extent had long-time residence in Oslo, were younger, and had greater amounts of economic capital than people in the industrial elite. Secondly, in their educational profiles, these resourceful individuals resembled their destination elite to a greater extent than their origin elite, especially evident in their large shares of degrees in business administration.

While those who experienced internal mobility appear to be extensively privileged individuals compared to the remaining sub-groups of upper-class members, the opposite is true for those who exited the industrial elite, and hence the economic upper class, between 2004 and 2010. This group had lower measures of economic and educational capital than the industrial elite, and they were more likely women. Compared to the group with internal trajectories, these individuals appear disadvantaged in their class backgrounds, although their class origins were not particularly different from those of the industrial elite. From table 4.1 we also see that outward mobility was a more common career path than internal transition from the industrial elite towards the financial elite.

[58] Similarities are highlighted as the slightly greater means of age and lesser shares of high class origins and women within the industrial elite are substantially trivial compared to the divergences in income and educational backgrounds between the two elites.

4.2 Summary

In summary, table 4.1 reveals profound heterogeneity within the economic upper class as the industrial elite to a greater extent was constituted of owners with corresponding higher means of capital income and income from self-employment than the financial elite. On the other hand, larger shares of credential capital in terms of both higher education and elite fields of study, especially apparent in shares of degrees in business administration, characterized the latter.

The observations of the group of individuals who experienced internal mobility suggest that there was indeed a selected few from the industrial elite who circulated between the two elites of industry and finance, as they had higher class origins, were more highly educated, were more prone to live in the capital, were predominantly men, and had higher levels of income than those in their elite of origin. Noting the vast divergences documented between the financial elite and the industrial elite, those who moved from the industrial elite towards the financial elite resembled the educational profile of their destination elite to a greater extent than that of their origin elite. Finally, those who experienced outward mobility from the economic upper class were overall less educated and had lower measures of income than those in the industrial elite.

In chapter 2, I anticipated that internal trajectories would be associated with increased income due to large income gains within the financial elite. Although we observe that those who moved from the industrial elite towards the financial elite had high levels of income, we do not know if their rewards have been acquired within the industrial elite or accumulated once admission in the financial elite was secured. Furthermore, confounding factors may induce a premature assertion about the level of capital accumulation within the economic upper class, and hence the preliminary observation of higher levels of income in the industrial elite than in the financial elite must be proven sound once relevant confounders are controlled for. These matters make up core research questions that will be explored and discussed in the subsequent chapters.

Additionally, the various regression analyses conducted in the following chapter will examine the degree to which class origin and educational profiles can account for divergences between the financial elite and the industrial elite, the degree to which class origin, educational profiles and long-term residence in Oslo can account for the distinctiveness of the occupational mobility within the economic upper class, and the degree to which these internal trajectories were associated with increased income.

5 Results

Four interrelated phenomena concerning the level of financial distinctiveness and elite integration in the Norwegian economic upper class in the time period 2003—2010 will be empirically explored in this chapter. The following presentation of the results from the various regression analyses will be in four parts in correspondence with the four research questions of interests. First, the question of greater economic rewards in the financial elite will be analyzed. Then, comparisons of recruitment to both elites will be presented. In the third part, in accordance with the third research question concerning elite mobility from industry towards finance, results of the analysis of career trajectories originating in the industrial elite will be displayed. Finally, analysis of the level of income boosts associated with career trajectories from the industrial elite towards the financial elite will be presented.

5.1 Economic Rewards in The Industrial and Financial Elite

The first research question addresses whether the relatively new financial elite is characterized by greater economic rewards than the "conventional" industrial elite. Although the previous chapter provided information on descriptive characteristics of the financial elite and the industrial elite, confounding variables may induce premature inference to the structure of each elite.[59] By utilizing ordinary least square models, the following concerns the extent to

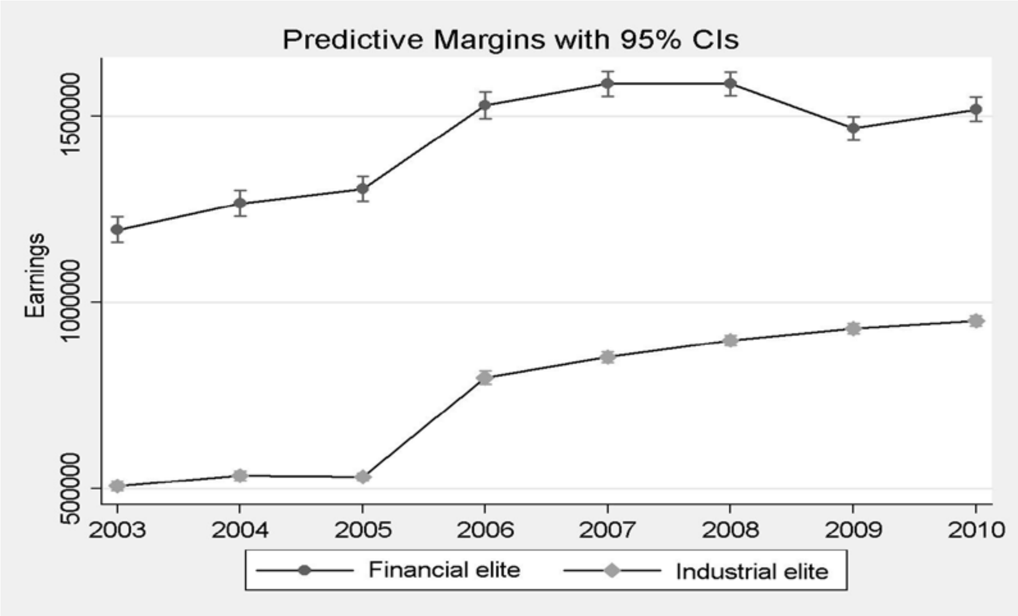
[59] Note that in the previous chapter, mean income and mean earnings of each respective elite were estimated based on a crude measure of summarized income and earnings, and therefore denote absolute differences between the two elites. In the current estimation, logarithmically transformed income measures are employed in order to account for divergent distributions of each elite. Hence, different results in the current chapter are due not only to the introduction of control variables, but also to the utilization of relative measures of income.

which the new financial elite is characterized by greater economic rewards than the industrial elite. In chapter 2, I constructed the following hypotheses grounded in theory and research:

> **H_{1a}:** The financial elite acquires greater earnings than the industrial elite.
>
> **H_{1b}:** The financial elite acquires higher levels of combined income than the industrial elite.

The estimation of differences in earnings and combined income between the financial elite and the industrial elite is illustrated with respect to two important considerations. Firstly, the distinct yearly context in which these respective elites are investigated needs to be included in the exploration of the level of combined income and earnings concentrated in each elite. As such, interaction terms between elite status and year have been implemented. Secondly, the previous chapter provided information on various background characteristics that separated the financial elite from the industrial elite. In order to accurately estimate the extent to which economic rewards have been greater in the financial elite than in the industrial elite, I have attempted to compare individuals who are similar in important characteristics that are anticipated to boost income levels, such as class origins, educational capital, gender and age. In this respect, figure 5.1 and 5.2 reveal estimated mean earnings and combined income levels in each elite for individuals who are similar in these important background variables. The results from the first analysis of earning divergences are presented beneath.[60]

Figure 5.1: Predictive Earnings for Each Elite, by Year

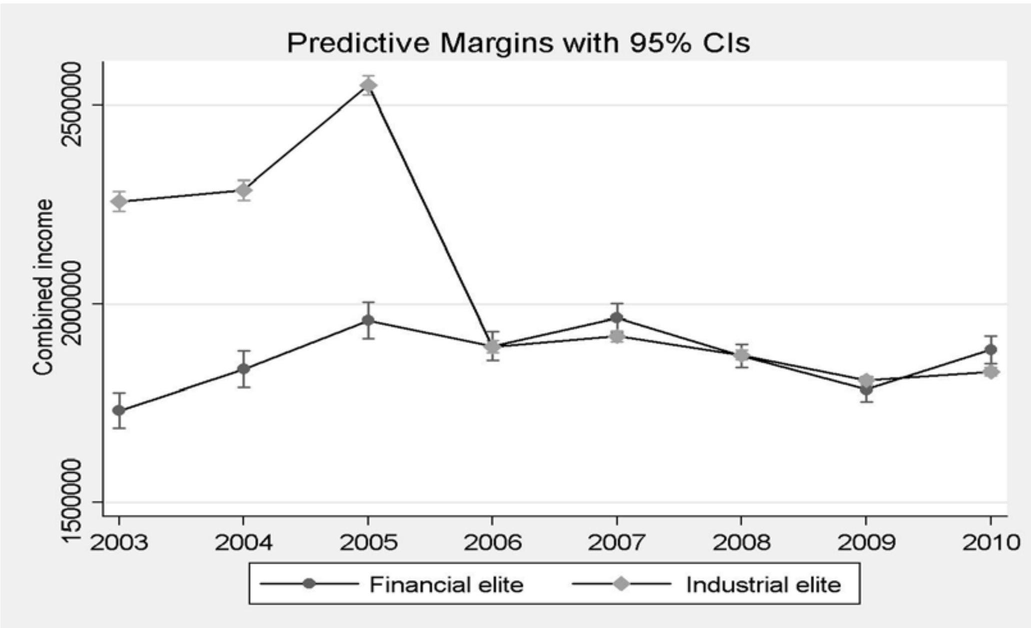


[60] See appendix A for reported coefficients from the regression analyses of earnings and combined income, respectively.

Figure 5.1 reveals that mean earnings were significantly divergent in each elite for all years of observations. While both elites experienced increased earnings from the year 2003 until 2010, the financial elite acquired significantly greater earnings than the industrial elite during the entire observational window. Hence, H_{1a}, hypothesizing greater earnings in the financial elite, is warranted considerable support in the empirical data. Two additional remarks on the first analysis should be noted. Firstly, the observed decrease in earnings of the financial elite between 2008 and 2009 might be associated with the financial crisis of 2008. Secondly, both estimations of earnings reveal a fairly low level of mean earnings for each elite—an indication of the additional importance of other sources of income for economic upper class eligibility.

Although we observe considerable support for the anticipation of greater earnings in the financial elite, the clear-cut indication of greater economic rewards in the financial elite is more ambiguous when investigating additional measures of income—summarizing capital income, earnings and self-employed income into one broad measure of economic capital—as evident in figure 5.2.

Figure 5.2: Predictive Income for Each Elite, by Year



From figure 5.2 we can draw four conclusions. Firstly, the mean income levels for the two elites were significantly different until the year 2006, as illustrated by the distinguished confidence intervals surrounding each estimate in the graph. The period 2006—2009 was characterized by insignificant differences between the two elites, while the final year of observation ensures significant divergence in mean income. Secondly, at the turn of the year

2005, the greater levels of income in the industrial elite shifted in favor of the eminence of the financial elite by 2010, albeit slightly. Thirdly, while significant differences have been confirmed from 2003 to 2005 and 2010, the exceeding income of the industrial elite were greater in the period 2003—2005 than the exceeding income of the financial elite in 2010—the latter discrepancy only amounts to approximately 60,000 NOK. Fourthly, while the industrial elite experienced a general reduction of income from 2003 to 2010, the opposite holds for the financial elite, although the drop of income was greater within the industrial elite than the increase within the financial elite. The industrial elite reduced its income levels between its income peak and low point with more than 700,000 NOK, while the financial elite increased its levels with only approximately 200,000 NOK.

As indicated by the fluctuating pattern of each elite, the question of whether the financial elite acquired greater measures of combined income than the industrial elite involves complex considerations of contextual factors that preposition or limit the scope of action for economic capital accumulation in the economic upper class. In 2006 an important tax reform was introduced in Norway that included considerable tax increases on dividends and capital gains. We see that the income trend of the industrial elite is characterized by a steep reduction of income levels between 2005 and 2006 and a stark peak up until 2005. The peak of 2005 arguably denotes that many individuals took out large volumes of capital income in the time period before these policies were implemented in order to avoid extensive taxation (Hansen 2012: 222). Correspondingly, the increase of earnings from 2005 to 2006 in the industrial elite evident in figure 5.1 may mirror the profitable transition from dividends to earnings as a consequence of the tax reform. Note that the income trend in the financial elite to a lesser extent seems to have been affected by these measures. As the income base of the financial elite was predominantly structured around earnings, the lesser impact of the tax reform on the financial elite seems plausible. The downward trend of the financial elite between 2007 and 2009 may similarly mirror financial instability in the coming of the financial crisis of 2008.

In the previous chapter we saw that the mean summarized income measure of the industrial elite surpassed that of financial elite. However, the current estimation is based on a logarithmic income measure to account for the impact of extreme outliers, presumably efficacious at the top level of the economic hierarchy, in addition to the introduction of theoretically grounded controls. It holds that the question of whether the financial elite had greater income levels than the industrial elite within the economic upper class is dubious as the year 2006 marks a turning point for the relative income level of each elite. Thus, H_{1b}, concerning greater income within the financial elite, is not given support for the period 2003—2009, while it is scarcely verified for the limited year 2010.

5.2 Recruitment to The Industrial and Financial Elite

The second research question addresses the possibility of attaining elite membership in both elites and the extent to which the financial elite was characterized by different recruitment patterns than the industrial elite. The hypotheses constructed in chapter 2 hold that,

> $\mathbf{H_{2a}}$: The financial elite is to a lesser extent characterized by class-based recruitment than the industrial elite.
>
> $\mathbf{H_{2b}}$**:** Educational capital and acquisition of degrees in elite fields of study serve as more important admission criteria for access to the financial elite than for access to the industrial elite.
>
> $\mathbf{H_{2c}}$**:** Degrees in elite fields of study are more profitable for individuals of managerial origin than working-class individuals, and this positively association between elite education and upper-class origin is more persistent for recruitment into the financial elite than into the industrial elite.

Firstly, analyses of recruitment to each elite will be discussed, and secondly, comparisons between the two tables, 5.1 and 5.2, will address whether the financial elite was characterized by different recruitment patterns and life course trajectories than the industrial elite. The results from the binary logistic analysis of industrial elite status are presented in table 5.1.

5.2.1 Recruitment to The Industrial Elite

Table 5.1: Binary Logistic Regression, Industrial Elite Status (odds ratio)

	Model 1	Model 2	Model 3
Social origins			
Workers	*ref*	*ref*	*ref*
Managers/executives	4.415 ***	2.996 ***	3.333 ***
	(0.061)	(0.044)	(0.053)
Professionals, academics etc.	3.255 ***	1.718 ***	1.804 ***
	(0.060)	(0.033)	(0.041)
Engineers, administrators etc.	2.620 ***	1.584 ***	1.676 ***
	(0.042)	(0.027)	(0.032)
Medium level, private sector	2.112 ***	1.688 ***	1.761 ***
	(0.040)	(0.032)	(0.037)
Medium level, public sector	1.795 ***	1.247 ***	1.247 ***
	(0.045)	(0.031)	(0.036)
Small firm managers	3.560 ***	2.909 ***	3.178 ***
	(0.080)	(0.067)	(0.078)
Woman	0.172 ***	0.178 ***	0.178 ***
	(0.002)	(0.002)	(0.002)
Age	1.597 ***	1.608 ***	1.606 ***
	(0.007)	(0.008)	(0.008)
Age²	0.995 ***	0.995 ***	0.995 ***
	(0.000)	(0.000)	(0.000)
Long-term residence in Oslo	1.951 ***	1.578 ***	1.578 ***
	(0.024)	(0.020)	(0.020)
Higher education			
Lower/other		*ref*	*ref*
Undergraduate		2.730 ***	2.694 ***
		(0.033)	(0.033)
Graduate		3.231 ***	3.143 ***
		(0.062)	(0.061)
Postgraduate		2.288 ***	2.241 ***
		(0.105)	(0.103)
Elite field of study		2.847 ***	3.811 ***
		(0.053)	(0.106)
*Elite fields of study*social origin*			
Elite field*workers			*ref*
Elite field*managers/executive			0.580 ***
			(0.021)
Elite field*professionals			0.744 ***
			(0.032)
Elite field*enigneers. admin.			0.720 ***
			(0.028)
Elite field*medium levle. private sector			0.739 ***
			(0.037)
Elite field*medium level. public sector			0.899
			(0.054)
Elite field*small firm managers			0.549 ***
			(0.037)
Constant	0.000 ***	0.000 ***	0.000 ***
	(0.000)	(0.000)	(0.000)
N	18,497,491	18,497,491	18,497,491
Log pseudolikelihood	-866,158.53	-821,669.85	-821,060.10

*p<0.05, **p<0.01, ***p<0.001

From the first model in table 5.1, we observe great variances for each class background. Sons and daughters of managers and executives were nearly 4.5 times more likely to obtain industrial elite status than individuals of working-class origin. Relatively to individuals with working-class backgrounds, individuals of managerial origin were additionally more likely to enter the industrial elite than individuals of professional and engineering origin. Hence, the industrial elite was characterized by class-based recruitment, both vertically and horizontally. The first model also reveals that the relative odds of acquired industrial elite membership was significantly greater for men and for individuals with long-term residence in Oslo. In addition, we observe a curvilinear association between age and industrial elite status evident in slightly decreasing odds ratios at 47 years of age, controlled for all other covariates in the model.

However, the hypothesis of class-based recruitment presupposes that class differences persist once education has been controlled for. Model 2 therefore introduces relevant educational variables that are expected to affect the likelihood of attaining industrial elite membership. We see that the odds ratio for each class origin is reduced, indicating that educational differences account for some of the initial observed discrepancies between individuals of different social origin. In other words, the initially greater association between upper-class origin and industrial elite membership was partly due to greater levels and types of educational capital among these individuals. Nevertheless, the vertical differences between origins persist, as individuals with manager backgrounds still have threefold greater odds than individuals of working-class origin, and as every class background have significantly greater odds of acquired industrial elite status than working-class origin, controlled for gender, age, residence and education. Furthermore, in model 2, the patterned horizontal differences persist. The introduction of educational variables reveals that degrees in elite fields of study and other types of higher education are positively, and hence independently, correlated with acquired industrial elite status.

To whom is educational capital most useful? Model 3 introduces a number of interaction terms between degrees in elite fields of study and class origin. In contrast to the theoretical anticipation, the model reveals that degrees in elite fields of study are of greater importance for individuals of working-class origins, as the acquisition of such degrees approximately quadruples the odds of industrial elite status for working-class individuals, while elite education only nearly doubles the odds for individuals of manager/executive origin. All class backgrounds had a weaker association between elite degrees and industrial elite status than working-class origin. However, given the initial advantage of having class origins other than working-class, the estimated odds of acquired industrial elite membership is nonetheless greater for individuals with higher class origins.

The previous results may not appear surprising, as self-recruitment to top-level positions has been affirmed in previous studies (e.g. Flemmen 2009, Hjellbrekke et al. 2007, Mastekaasa 2004, Hjellbrekke and Korsnes 2003, Klausen 2002b). However, the main question concerns the *level* of class recruitment and credential recruitment for each elite. Before dealing with this particular discussion, recruitment patterns into the financial elite will be investigated.

5.2.2 Recruitment to The Financial Elite

In table 5.2, the results of the logistic regression analysis of acquired financial elite status are presented.

Table 5.2: Binary Logistic Regression, Financial Elite Status (odds ratio)

	Model 1	Model 2	Model 3
Social origins			
Workers	*ref*	*ref*	*ref*
Managers/executives	5.500 ***	2.930 ***	3.880 ***
	(0.216)	(0.123)	(0.192)
Professionals, academics etc.	3.821 ***	1.861 ***	2.269 ***
	(0.192)	(0.099)	(0.155)
Engineers, administrators etc.	3.497 ***	1.876 ***	2.263 ***
	(0.153)	(0.087)	(0.130)
Medium level, private sector	2.951 ***	2.087 ***	2.486 ***
	(0.148)	(0.107)	(0.152)
Medium level, public sector	2.217 ***	1.383 ***	1.585 ***
	(0.149)	(0.094)	(0.133)
Small firm managers	3.250 ***	2.160 ***	2.618 ***
	(0.243)	(0.165)	(0.241)
Woman	0.169 ***	0.179 ***	0.180 ***
	(0.006)	(0.007)	(0.007)
Age	1.632 ***	1.591 ***	1.588 ***
	(0.020)	(0.022)	(0.022)
Age²	0.995 ***	0.995 ***	0.995 ***
	(0.000)	(0.000)	(0.000)
Long-term residence in Oslo	3.290 ***	2.397 ***	2.390 ***
	(0.101)	(0.077)	(0.076)
Higher education			
Lower/other		*ref*	*ref*
Undergraduate		5.155 ***	4.893 ***
		(0.201)	(0.195)
Graduate		1.372 ***	1.277 ***
		(0.081)	(0.076)
Postgraduate		1.664 **	1.551 **
		(0.275)	(0.257)
Elite field of study		8.962 ***	15.244 ***
		(0.376)	(0.997)
*Elite fields of study*social origin*			
Elite field*workers			*ref*
Elite field*managers/executive			0.434 ***
			(0.036)
Elite field*professionals			0.536 ***
			(0.055)
Elite field*enigneers. admin.			0.542 ***
			(0.049)
Elite field*medium levle. private sector			0.534 ***
			(0.058)
Elite field*medium level. public sector			0.607 ***
			(0.085)
Elite field*small firm managers			0.511 ***
			(0.082)
Constant	0.000 ***	0.000 ***	0.000 ***
	(0.000)	(0.000)	(0.000)
N	18,497,491	18,497,491	18,497,491
Log pseudolikelihood	-155,480.59	-140,920.65	-140,661.82

*p<0.05, **p<0.01, ***p<0.001

From the first model, strikingly large discrepancies between individuals of different class origins are evident, as individuals with manager/executive origins have more than five times greater odds of acquired financial elite status than working-class individuals. Coupled with positive associations of financial elite membership and all class backgrounds relatively to working-class origins, a horizontal and vertical patterned class bias reveals a class-based availability for financial elite membership. Hence, the first model shows that the financial elite recruits its members from the traditional upper class. The first model also provides evidence for restricted access for women and individuals whose long-term residence has been elsewhere than in Oslo, controlled for all other variables in the model. The curvilinear association between age and financial elite status denotes slightly diminishing odds for individuals older than 49 years of age once gender, residence and class origin are controlled for.

To what extent are the observed discrepancies between individuals of different class origins due to divergent educational qualifications? In model 2, measures of educational capital are introduced, and we observe that the positive association of higher class backgrounds than working-class decreases for all categories of social origin, and especially so for individuals of managerial origin as the initial positive association is reduced nearly twofold. Hence, the association of upper-class origin with financial elite status was partly due to the upper-class offspring's educational profiles. However, significant positive associations are still persistent, where individuals with manager/executive origins have approximately three times greater odds of financial elite status than working-class individuals with similar levels and types of education and of similar age, gender, and residence. From model 2 we observe that educational credentials appear to be efficient for admission to the financial elite, as undergraduates have more than five times greater odds of financial elite status than their respective counterparts with lesser or other types of education, controlled for class origin, gender, age, elite fields of study, and residence. Consistent with the assumption of the importance of degrees in elite fields of study for admission to the financial elite, we observe that individuals who have such credentials are nearly nine times more likely to obtain financial elite status than those without such degrees, controlled for class origin, gender, age, level of education, and residence.

In model 3, a number of interaction terms are introduced to account for the possible skewed association of elite education for each class category. Contrary to the assumption of the restricted availability for working class individuals to convert their educational capital to labor market success, degrees in elite fields of study appear to be extremely efficient for individuals with working-class origins. Compared to working-class individuals with no elite degrees, those who have attained such credentials have 15 times greater odds of securing financial elite status, once gender, age, residence, and educational level are controlled for. Model 3 also reveals that elite education is less beneficial for the remaining class origins, as for example the odds for individuals with manager/executive origin increases only six times once acquired elite degrees. Nevertheless, the chances of obtaining access to the financial elite are very much class biased even when we compare individuals with similar educational profiles.

5.2.3 Comparing Recruitment to The Financial Elite and The Industrial Elite

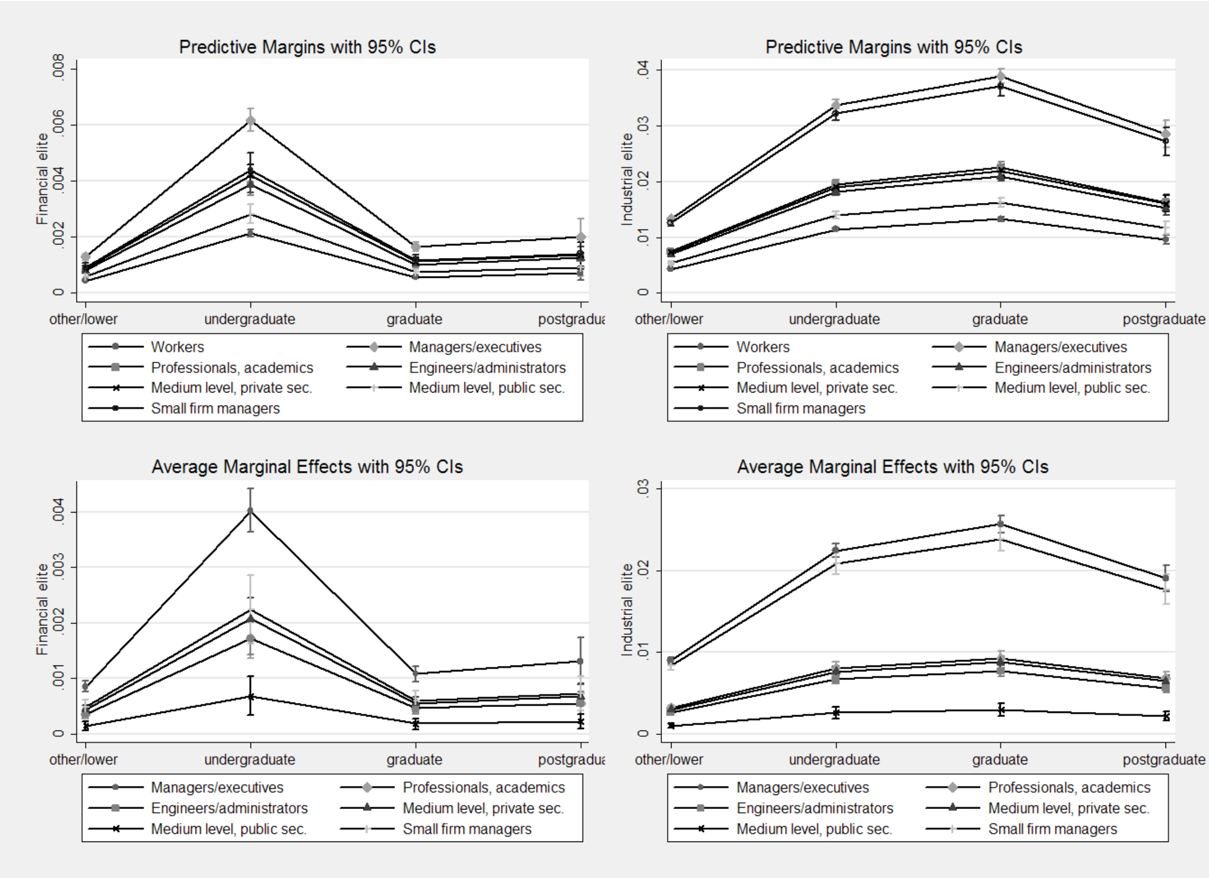
In recruitment to both elites, elite credentials were more profitable for individuals of working-class origin than for other origins and H_{3c} is therefore rejected. However, we have seen that both the financial elite and the industrial elite were characterized by considerable class and educational recruitment as individuals of manager/executive origins had extensively greater odds of elite membership, than those with the remaining class backgrounds and that higher education and degrees in elite fields of study were independently associated with elite statuses. But to what extent is the financial elite characterized by *lesser* class-based recruitment and *more* educational recruitment than the industrial elite?

Analyzing the odds ratios provided by the two preceding tables, considerable support for the anticipation of greater educational recruitment within the financial elite in comparison to the industrial elite is ensured. However, note that extensive education at the graduate and postgraduate level was associated with greater access to the industrial elite, while undergraduate level education and especially degrees in elite fields of study was found to be associated with financial elite membership to a greater extent than with admittance to the industrial elite. For example, for individuals of working-class origin, degrees in elite fields of study enhanced the odds of financial elite status by more than 15 times while they only less than quadrupled the odds of industrial elite membership, compared to their working-class counterparts with lesser or other types of educational profiles. Hence, the distinctive educational recruitment pattern of the financial elite is found to be restricted to elite educational credentials and other types of undergraduate level education.

While the affirmation of greater educational recruitment was supported in the logistic regression analyses, the extent to which the two elites diverged in their level of class-based recruitment appears more dubious. Comparing the two tables, both elites were characterized by significant class recruitment, and, if anything, their respective association to upper-class origin resembled or was even more profound for recruitment into the financial elite. Hence, the anticipation of lesser importance of class origin for access to the financial elite is not given support in the empirical analyses.[61]

However, interpretive challenges arise, as the preceding comparison is based on a relative measure of statistical associations within elites that are uneven in actual numbers. Thus, divergent results are apparent when comparing odds ratios and marginal effects, as the two measures denote relative and absolute differences, respectively. Following Skog (2010: 390-393), I would like to address both measures in order to accentuate a larger picture of the level of distinctive recruitment between the two elites. In figure 5.3, predictive margins and average marginal effects are reported for both elites.

Figure 5.3: Predictive Margins and Average Marginal Effects of Class Origin, by Higher Education



[61] Appendix B provides a multinomial logistic regression analysis of elite recruitment as similar results of different approaches arguably strengthen the conclusions drawn. Due to its ability to contrast alternatives, we observe that the association between various explanatory variables and financial elite status *contrasted* to industrial elite status confirms that class origins other than working-class origin are found to be associated with the recruitment into the financial elite contrasted to the industrial elite. Additionally, we observe that elite fields of study and undergraduate level education are of greater importance for admittance to the financial elite.

Predictive margins denote the estimated probabilities of elite status for each class origin, by educational level, while average marginal effects report the percentage differences between probabilities of each class origin in comparison to working-class origin, by educational level.

The comparison between these predicted probabilities reveal three important patterns. Firstly, class discrepancies persist at all levels of higher education, although with various degrees of significant differences. Secondly, managerial origin was associated with significantly greater probabilities of ensured elite status in both elites than working-class origin. However, the probabilities of managerial origin were statistically different from the remaining class origins only at lower levels than postgraduate education and for the probability of financial elite status. Thirdly—and of immediate importance in the current analysis—the scales of the probabilities differ between the two elites. Hence, an individual of managerial origin with undergraduate education had an estimated probability of financial elite membership of approximately 0.6 percent but approximately 3.5 percent for access to the industrial elite—an observation that may wrongfully lead to the conclusion that education and class origins both were of greater importance for access to the industrial elite. The average marginal effects demonstrate that the percentage differences in probabilities between undergraduates of managerial origin and working-class origin amounted to 0.4 percentage points for access to the financial elite, while greater discrepancies are found for recruitment into the industrial elite with 2.2 percentage point differences.

As the financial elite is smaller than the industrial elite, the estimated probabilities of financial elite status are inevitably lower—and hence the analysis of marginal effects may induce misleading results to the importance of both class origin and educational credentials for access to the financial elite in comparison to the industrial elite, or even the importance of class origins and educational qualifications for access to the economic upper class in general. On the other hand, due to the small number of individuals within the financial elite, statistically significant relative results (i.e. odds ratios) may reflect substantially trivial variances in the financial elite composition.

Although noting this specific problem, the *relative* association of undergraduate education, and especially degrees in elite fields of study, are of such magnitude in the case of the financial elite that it appears reasonable to conclude that exclusive education is of greater importance for admission into the financial elite than for admission into the industrial elite. Preliminary conclusions regarding the level of divergent recruitment to each elite therefore lend support for H_{2b}, concerning greater credential recruitment to the financial elite, while H_{2a}

is rejected as we find no affirmation of lesser importance of class origin for recruitment into the financial elite.

5.3 Elite Circulation into The Financial Elite

The merger of finance and industry has been central to both contemporary and classical theorists on finance, and the question of upper-class unity along the finance/industry axis therefore arises. To what extent are these elites separate or integrated within the economic upper class? What types of industrial capitalists exit the real economy and enter the financial sector of the economic upper class? In chapter 2, I constructed the following three hypotheses:

> $\mathbf{H_{3a}}$: Upper-class origin increases the likelihood of elite circulation from the industrial elite into the financial elite.
>
> $\mathbf{H_{3b}}$: Degrees in elite fields of study and educational capital increase the likelihood of occupational mobility into the financial elite from the industrial elite.
>
> $\mathbf{H_{3c}}$: Long-term residence in Oslo affects the likelihood of occupational mobility into the financial elite from the industrial elite.

Note that I correspondingly anticipated that the very same factors would have negative associations with the likelihood of outward mobility from the economic upper class. Results from the multinomial analysis are reported in table 5.3, where the reference category for each trajectory is set to industrial elite status, i.e. to remain in the industrial elite and therefore no experienced occupational mobility.

Table 5.3: Multinomial Logistic Regression, Elite Circulation (relative risk ratio)

	Model 1		Model 2		Model 3	
Financial elite						
Social origins (workers=ref.category)						
Managers/executives	1.155		1.074		1.030	
	(0.181)		(0.171)		(0.165)	
Professionals, academics etc.	0.722		0.790		0.743	
	(0.159)		(0.181)		(0.171)	
Engineers, administrators etc.	1.088		1.089		1.035	
	(0.203)		(0.208)		(0.201)	
Medium level, private sector	0.750		0.729		0.715	
	(0.200)		(0.195)		(0.191)	
Medium level, public sector	0.964		0.950		0.937	
	(0.306)		(0.298)		(0.295)	
Small firm managers	1.154		1.096		1.086	
	(0.312)		(0.298)		(0.295)	
Woman	0.898		0.932		0.897	
	(0.186)		(0.194)		(0.187)	
2003 Income deciles	1.096	***	1.090	***	1.088	***
	(0.024)		(0.023)		(0.023)	
Age	0.747	***	0.742	***	0.731	***
	(0.055)		(0.056)		(0.055)	
Age²	1.002	**	1.002	**	1.003	**
	(0.001)		(0.001)		(0.001)	
Elite field of study (other=ref.category)			1.624	***	1.531	**
			(0.228)		(0.218)	
Higher education (lower/other=ref.category)						
Undergraduate			1.478	*	1.423	*
			(0.248)		(0.239)	
Graduate			0.607	*	0.597	*
			(0.128)		(0.126)	
Postgraduate			0.747		0.701	
			(0.476)		(0.446)	
Long-term residence in Oslo					1.528	***
					(0.196)	
Constant	309.765	***	261.710	**	337.972	***
	(513.683)		(451.167)		(581.426)	
Outflow						
Social origins (workers=ref.category)						
Managers/executives	0.797	***	0.942		0.962	
	(0.043)		(0.052)		(0.054)	
Professionals, academics etc.	0.473	***	0.739	***	0.757	***
	(0.033)		(0.055)		(0.056)	
Engineers, administrators etc.	0.582	***	0.796	**	0.814	**
	(0.039)		(0.056)		(0.057)	
Medium level, private sector	0.801	***	0.888		0.900	
	(0.065)		(0.074)		(0.075)	
Medium level, public sector	0.674	***	0.863		0.869	
	(0.071)		(0.094)		(0.095)	
Small firm managers	1.271	**	1.262	*	1.271	*
	(0.117)		(0.118)		(0.118)	
Woman	1.840	***	1.833	***	1.872	***
	(0.125)		(0.126)		(0.130)	
2003 Income deciles	1.040	***	1.027	***	1.027	***
	(0.007)		(0.007)		(0.007)	
Age	0.665	***	0.661	***	0.660	***
	(0.018)		(0.019)		(0.019)	
Age²	1.004	***	1.004	***	1.004	***
	(0.000)		(0.000)		(0.000)	
Elite field of study			0.685	***	0.704	***
			(0.038)		(0.039)	
Higher education (higher/other=ref.category)						
Undergraduate			0.441	***	0.449	***
			(0.024)		(0.024)	
Graduate			0.330	***	0.332	***
			(0.021)		(0.022)	
Postgraduate			0.385	***	0.395	***
			(0.069)		(0.071)	
Long-term residence in Oslo					0.808	***
					(0.039)	
Constant	62,088.912	***	131,990.700	***	138,217.500	***
	(40,593.086)		(89,864.749)		(94,423.641)	
N	118,012		118,012		118,012	
Log pseudolikelihood	-72,188.461		-69,078.628		-68,911.195	

*p<0.05, **p<0.01, ***p<0.001

In the previous chapter we observed that the group of individuals who moved from the industrial elite towards the financial elite was characterized by high shares of managerial origin. By way of contrast, the first model denotes that class is of no significant importance for the chances of moving towards the financial elite compared to remaining within the industrial elite. Model 1 also reveals that acquired income in the 2003 upper class income distribution had little association with the chances of moving towards the financial elite, while a curvilinear association between age and internal mobility is assured, denoting decreasing chances of moving towards the financial elite at a young age, and approximately equal chances at 63 years of age.[62]

Model 2 introduces measurements of educational capital. In contrast to the insignificant effects of social origin, educational credentials are found to be associated with occupational trajectories from the industrial elite towards the financial elite. Having degrees in elite fields of study and undergraduate level education heightens the odds of financial transition by approximately one and a half times respectively, relatively to remaining within the industrial elite. However, graduate level education is found to be negatively associated with the career move from industry to finance, a finding in accordance with the previous observation of the greater importance of graduate and postgraduate level education in the industrial elite, and undergraduate level education in the financial elite. Model 3 reveals that having long-term residence in Oslo increases the odds of transition by one and a half times, even when we compare individuals of similar class origin, educational field and length, gender, age and income level. We also observe that the association of educational capital was in part spuriously associated with residence.

The overall picture reveals that social origin was of little importance for the chance of moving towards the financial elite, and that those who did move, as opposed to remaining in the industrial elite, were typically individuals with elite educational credentials, or other types of undergraduate level education, with long-time residence in Oslo. It should be noted that, despite their statistical significance, these associations are not particularly strong. However, it follows that H_{3a} is rejected, while H_{3b} and H_{3c} have been affirmed in the empirical data.

While class was not associated with chances of internal mobility, relatively to remaining in the industrial elite, trajectories of outward mobility reveal a different pattern.

[62] The large standard errors in table 5.3 are due to the estimation of age. As the constant denotes the estimated odds for the reference category (i.e. when all independent variables equals zero), it follows that estimated odds of movement towards the financial elite and the exit from the upper class for industrial capitalists of zero years of age are substantially meaningless. This assumption was affirmed when age was omitted from the analysis.

Besides small firm manager origin, significant negative associations with all class backgrounds were assured, as working-class individuals had greater odds of outflow, relatively to remaining in the industrial elite in the time period. Model 1 also reveals that being a man and being younger than 49 years old decrease the chance of exiting, as opposed to remaining in the industrial elite. Introducing measures of educational capital, we see that educational credentials safeguard the odds of outward mobility, while the class-based pattern remains. Except for manager/executive origins and medium-level private and public sector origins, whose correlations no longer appear significant, the negative associations with professional and engineering class backgrounds persist, though slightly decrease. Sons and daughters of small firm managers were the only ones who were more likely of exiting the industrial elite than working-class individuals of equal age, gender, residence, and educational profiles. As anticipated, long-time residence in Oslo attenuates the odds of outward mobility even for individuals of similar class origin, gender, age, and with equal amount and type of educational capital and with equal levels of income.

5.4 From Industry to Finance—A Profitable Career Move?

It holds that some individuals from the industrial elite moved towards the financial elite and we have seen that these trajectories were associated with undergraduate level education, elite fields of study and long-term residence in Oslo. The first analysis revealed that the financial elite acquired greater earnings than the industrial elite, while its summarized income level only slightly surpassed the income of the industrial elite in the year 2010. To what extent do industrial capitalists who pursue the career move from industry to finance benefit from this specific career trajectory and hence enhance their respective levels of income compared to those who remain within the industrial elite? In chapter 2, I hypothesized that,

> **H_4**: Occupational trajectories from the industrial elite towards the financial elite are associated with increased levels of income.

Ordinary least square regression analysis has been utilized in order to answer the final research question. Estimating yearly income differences in pair of years for specific occupational trajectories with additional controls for each year of observation,[63] the

[63] Interaction terms between year and occupational trajectory were found to be insignificant and therefore omitted from the results presented in table 5.4. The significant association of yearly controls may however account for important period effects.

comparison of like with like is ensured, where period effects are accounted for. Additional controls for social origin, gender, age, and educational capital are provided. The results from the final analysis are reported in table 5.4.

Table 5.4: Ordinary Least Square Regression, (ln)Income Differences

	Model 1	Model 2	Model 3
Occupational trajectory			
No movement, industrial elite	*ref*	*ref*	*ref*
No movement, financial elite	0.029 ***	0.028 ***	0.025 ***
	(0.003)	(0.003)	(0.003)
Industrial elite—financial elite	-0.041	-0.056 *	-0.059 *
	(0.026)	(0.026)	(0.026)
Financial elite—industrial elite	-0.060 ***	-0.039 *	-0.041 *
	(0.017)	(0.017)	(0.017)
Social origins			
Workers		*ref*	*ref*
Managers/executives		-0.015 ***	-0.017 ***
		(0.003)	(0.003)
Professionals. academics etc.		0.000	-0.005
		(0.003)	(0.003)
Engineers. administrators etc.		0.001	-0.002
		(0.003)	(0.003)
Medium level. private sector		-0.006	-0.007 *
		(0.004)	(0.004)
Medium level. public sector		-0.001	-0.004
		(0.004)	(0.004)
Small firm managers		-0.017 **	-0.018 **
		(0.006)	(0.006)
Woman		-0.003	-0.003
		(0.003)	(0.003)
Age		-0.002	-0.002
		(0.002)	(0.002)
Age²		-0.000	-0.000
		(0.000)	(0.000)
Yearly difference			
2004—2003		*ref*	*ref*
2005—2004		0.113 ***	0.113 ***
		(0.009)	(0.009)
2006—2005		-0.175 ***	-0.176 ***
		(0.009)	(0.009)
2007—2006		0.036 ***	0.035 ***
		(0.007)	(0.007)
2008—2007		-0.053 ***	-0.054 ***
		(0.006)	(0.006)
2009—2008		-0.102 ***	-0.103 ***
		(0.006)	(0.006)
2010—2009		-0.033 ***	-0.034 ***
		(0.006)	(0.006)
Higher education			
Lower/other			*ref*
Undergraduate			0.010 ***
			(0.003)
Graduate			0.010 **
			(0.003)
Postgraduate			0.029 ***
			(0.007)
Elite field of study			0.011 ***
			(0.002)
Constant	0.040 ***	0.181 ***	0.173 ***
	(0.001)	(0.042)	(0.042)
N	111,368	111,368	111,368
r²	0.001	0.030	0.030

*p<0.05. **p<0.01. ***p<0.001

Contrary to the anticipation that those who moved out of the industrial elite towards the financial elite heightened their income to a greater extent than their comparative counterparts who remained in the industrial elite, a negative association between yearly income differences and the career move into the financial elite is observed in table 5.4. Once all controls are introduced, we see that compared to remaining in the industrial elite, the career move from the industrial elite towards the financial elite was associated with a reduction of income of 5.9 percentage points. Hence, H_4 concerning anticipated income gains with the career move from industry towards finance is not given support in the empirical data.

Three additional remarks on table 5.4 should be noted. Firstly, the only career trajectory associated with increased income was found among those individuals who remained in the financial elite, relatively to those who remained in the industrial elite. There are reasons to believe that this association is primarily the result of an exaggerated estimation due to the drop of income within the industrial elite between 2005 and 2006 as illustrated in figure 5.2.[64] Secondly, all measures of higher education and degrees in elite fields of study were associated with growth of income, controlled for all other covariates in the models. Thirdly, compared to working-class origins, sons and daughters of managers/executives had significantly lower growth of yearly income differences, an initial discrepancy that widens once educational capital is held constant. Nevertheless, note that these measures do not reveal any information about the actual income measure for each class category, but only signify the income differences between the yearly comparisons. Hence, the relative possession of economic capital among sons and daughters of managers and executives may still have surpassed those of their lower-class counterpart. Additionally, figure 5.2 revealed the tentative observation that the greatest decreases of income in the time period within the economic upper class was associated with the 2006 tax reform that included extensive taxation of dividends. Hence, the negative association of income differences and class origins of the economic fraction of the social space (managerial/executive origins, small firm manager origin and medium level private sector origins) may be a result of these class origins' experienced decreases of capital income.[65]

[64] The anticipation of the exaggerated effect of the 2005—2006 drop of income within the industrial elite was affirmed when subdividing the estimation for each pair of years.
[65] This assumption was affirmed when estimating logarithmic *earning* differences, as the negative associations of these class origins and earning differences were not affirmed.

5.5 Summary

The results from the preceding analyses have both confirmed and rejected the theoretical expectations discussed in chapter 2. Do the new capital market intermediaries, as new economic actors in the financialized economy, acquire greater economic rewards than the conventional industrial elite? The answer to this question hinges on the measure of income investigated. While the financial elite was found to have significantly greater earnings than the industrial elite, the inclusion of additional income measures revealed a complex income pattern of each elite associated with legislative and political contexts in the period of the study. The summarized income measure revealed exceeding income levels in the industrial elite from the period 2003—2005, while the financial elite had significantly greater income in the limited year 2010, albeit slightly. The theoretical claim of substantial economic rewards provided for the new capital market intermediaries is therefore severely challenged once capital income and income from self-employment are included in the estimation of economic capital.

Turning to the recruitment patterns of each respective elite, the analysis revealed both affirmative and deviant results. Contrary to the theoretical anticipations, the financial elite and the industrial elite resembled each other in their levels of class-based recruitment, while the financial elite was found to be characterized by distinctive recruitment in its conditional educational profile consisting of undergraduate level education and degrees in elite fields of study. The latter constituted a core feature of the financial elite’s characteristic.

As expected, the financial elite and the industrial elite were found to be at least partially integrated in the economic upper class as indicated by the occurrence of occupational mobility. Elite circulation from the industrial elite towards the financial elite was found to be typically conditioned on degrees in elite fields of study, undergraduate level education and long-term residence in Oslo. By way of contrast, these trajectories were insignificantly associated with class origins. However, contrary to the anticipation of increased income levels associated with this career trajectory, the vast majority of industrial capitalists who remained in the industrial elite gained greater income than those who moved to the financial elite.

The next chapter offers an extensive discussion about the findings previously reviewed. While highlighting potential drawbacks in the current research design, I will address the results in light of both previous and further research.

6 Discussion and Concluding Remarks

The Norwegian experience in recent decades has been characterized by an expansion of financial activities and financial institutions—a transformation which has led some scholars to claim the emergence of ”the new money society” (Lange et al. 1989). Coupled with increasing economic inequality, the advent of financialization actualizes the sociological investigation of elite reconfigurations and the emergence of new economic elites. Financial capitalism and financial sources of power inequality have rarely been topics of sociological inquiry, particularly in Norwegian sociology. The present study is the first to enter the field of financialized elites in the context of Norwegian “financialized” capitalism.

I have schematized four distinct analytical approaches to understanding processes of financialization. In contrast to the weak notion of financialization which describes a mere expansion of financial activities in society, the strong notion of financialization presupposes that the financial sphere of the economy takes on a dominating position in the social structure. Distinguishing between horizontal and vertical dominance, I have argued that traces of vertical dominance have some support in empirical research, as financialization has been associated with increasing concentration of wealth, income inequality and declining labor shares. In contrast, the horizontal dominance of finance has been repudiated in previous Norwegian research, as there has been no evidence of bank or financial centrality in Norwegian networks of corporate power. Proposing an alternative way of exploring the horizontal dimension of the interplay between finance and industry, with no presupposition of increased power provided for finance, I have investigated whether the financial elite, consisting of capital market intermediaries, make up a distinctive group of economic actors in the Norwegian economy in accordance with international research.

Trends of financialization in its weakest understanding, i.e. the apprehension of mere financial expansion, have led sociologists to theorize about the extent to which financialized elites are different from conventional economic elites. The prevalent view in the literature stipulates that financial actors are “invisible” in the traditional distinction between ownership (owners) and control (managers) as capital market intermediaries have acquired considerable allocative power and strategic control in present-day capitalism. Despite these intermediaries’ employee status, extensive economic gains are claimed to be a core trait of the new financial elite. Scholars have equally emphasized that financial elite members to a lesser extent inherit their titles and that access to the financial elite is secured through educational trajectories. Traditionally, the sociology of finance has emphasized increased unity between the two spheres of finance and industry as a consequence of the growth of the financial sector.

As the advent of new financialized elites has not yet been studied in Norway, the current design is characterized by explorative incipient research questions grounded in international sociological debates on the nature of “the financial elite.” Is the international characterization of a “new elite” applicable to the Norwegian financial elite? I have posed four questions regarding (1) the extent to which the financial elite gained greater economic rewards than the industrial elite, (2) the extent to which the financial elite was characterized by distinctly different recruitment patterns, (3) what types of industrial capitalists moved towards the financial elite, and (4) whether these trajectories were associated with increased levels of income.

In this final chapter I will firstly offer a thorough discussion of the findings for each separate research question in light of theoretical anticipations and previous research. In addition, I will suggest plausible mechanisms for the phenomena observed and highlight methodological and theoretical drawbacks characterizing the results from each research question. Secondly, I will recapitulate the core findings and offer a broader discussion on possible methodological challenges associated with the comparison of the financial elite and the industrial elite. Thirdly, I will suggest new questions of sociological interest facilitated by the present study. Finally, I will return to the overarching question posed at the outset of this thesis, namely the extent to which the international claim about the prominence of capital market intermediaries is consistent with the present characterization of the Norwegian financial elite.

6.1 Greater Economic Rewards in The Financial Elite?

In chapter 5, I provided evidence of significantly greater earnings in the financial elite than in the industrial elite for all years of observation. In contrast with this clear-cut verification of greater earnings in the financial elite, the analysis of combined income revealed great variances in the income trends of the two elites. While the industrial elite experienced a reduction of income in the time period, the opposite holds for the financial elite. The two elites were found to have significantly divergent income levels for the period 2003—2005 and the year 2010. Contrary to the hypothesis of greater mean income levels in the financial elite than in the industrial elite, greater income in finance was only assured for the final year of observation, while the industrial elite acquired extensively greater means of income between 2003 and 2005. Although the hypothesis of greater income in the financial elite was affirmed—with only slightly exceeding income—in the year 2010, there are reasons to suspect that the analysis of income is vulnerable to methodological and theoretical drawbacks.

Firstly, the downward income trend of the industrial elite between 2005 and 2006 is likely to be an effect of the 2006 tax reform that introduced increased taxation on dividends and capital gains. As large measures of ownership income (i.e. capital income and income from self-employment) primarily constitute the income base of the industrial capitalists, while the financial elite is anticipated to receive income from earnings, the latter is inevitably more resilient to policies that include taxation on capital income. However, there may be reasons to anticipate that *some* important intermediaries whose income is solely capital income are neglected in this one-sided emphasis on the employee status of intermediaries. Financial capitalists with extensive control of capital flows through e.g. private equity[66] may therefore be as vulnerable to the 2006 tax reform as conventional industrial capitalists, given that their income is secured through dividends and not earnings (Ertürk et al. 2010).[67] Hence, if I could have been able to include important intermediaries whose economic rewards were primarily secured through capital income, there may be reasons to expect that the mean income levels of the financial elite in its totality would be less resilient to the 2006 tax reform. As industry codes are utilized to detect the financial elite, "principal" owners within the financial industries are invisible in the register data because industry codes are only provided for

[66] Grünfeld and Jakobsen (2006: 45) argue that private equity funds are organized by separating (1) funds—owned by investors, and (2) investment management funds—owned by partners. These latter types of owners are *strategic owners* in the sense that they actively partake in the investment strategies of the private equity fund in its totality.

[67] The same is the case for owners of broker houses and the like, insofar as these owners participate in services of financial intermediation.

individuals with occupational information. However, considering the claim that the preceding paradigm—with its emphasis on ownership and control—is unable to make visible capital market intermediaries, neglecting cultivated financial ownership arguably constitutes a lesser shortcoming of the analysis of power in new forms of capitalistic organization than the conventional emphasis on crude ownership.[68]

Secondly, the sudden reduction of income in the industrial elite from 2005 to 2006 may be a result of the exemption model[69] introduced in 2004. This legislative measure allowed private stockholders to redirect economic capital to holding companies that facilitated tax-free dividends for corporate shareholders.[70] Indeed, traces of an increasing number of holding companies in the Norwegian economy after the implementation of the exemption model has been documented (Ringen 2010: 33-37). Therefore, a great number of industrial capitalists might have had access to considerable amounts of capital after the year 2006—economic capital that is inevitably invisible in the personal tax register data.

Thirdly, any firm support for the hypothesis of greater levels of income in the financial elite should ensure robust and more permanent measures of significantly greater income levels than the limited year 2010. The fluctuating patterns evident in the empirical data are arguably indications of the contingent relationship of rewards in the respective elites in the period studied. There is no clear indication that capital market intermediaries have grown richer than the industrial elite. Hence, the current analysis does not provide reliable evidence for the prominence of finance, as the measures of economic gains have been vulnerable to policy-making and as the one-year period of slightly exceeding income in the financial elite is perhaps artificial, or, at best, transitory. If anything, the empirical data provides evidence for markedly greater levels of income within the industrial elite until the year 2006.

While international researchers have pointed to extensive economic rewards for capital market intermediaries, the current comparative investigation of the Norwegian financial and industrial elite finds no affirmative support for similar tendencies in the Norwegian economy. When income derived from ownership is included in the estimations, the clear-cut indication of greater economic rewards in the financial elite, initially indicated by earnings, disappears. This result may relate to the divergent findings in studies of top income in the US (Edlund

[68] Note that capital income and earnings are added up in the income criterion of the economic upper class in the ORDC-scheme (see chapter 3 and Hansen, Flemmen, and Andersen 2009: 11). Hence, individuals who are classified as financial capitalists in the current study due to engagement in the financial industries receive capital income in addition to earnings.

[69] In Norwegian: *Fritaksmodell*.

[70] http://www.stortinget.no/no/Saker-og-publikasjoner/Publikasjoner/Innstillinger/Budsjett/2004-2005/innb-200405-001/2/ (read: 12.03.13).

and Kopczuk 2009, Piketty and Saez 2003) and Norway (Aaberge and Atkinson 2010, Christensen, Fløtten, and Hippe 2006). Contrary to the results from US research emphasizing the increased importance of self-made economic rewards due to the decline of capital income's share of top income, the Norwegian experience has been characterized by an exponential growth of top income due to increased concentration of capital income, and not due to its decline. Consequently, the current analysis supports the anticipation of greater reliance on ownership income in the Norwegian capitalist class.[71] By extension, this may have had consequences for the relative prominence of financial capitalists, as capital market intermediaries are employees and therefore ensure economic capital primarily through earnings.

6.2 Distinctive Recruitment to The Financial Elite?

Through recruitment analyses of each respective elite, I have investigated the extent to which the financial elite was associated with less class-based recruitment, more educational recruitment, and whether the gains of elite education were greater for individuals of managerial/executive origin, and in turn, if this association was more persistent when entering the financial elite than the industrial elite. Does the financial elite follow different recruitment patterns and life course trajectories than the industrial elite?

In line with previous research into top-level positions within the Norwegian economical hierarchy (Flemmen 2012, 2009, Hjellbrekke et al. 2007, Mastekaasa 2004, Hjellbrekke and Korsnes 2003, Klausen 2002b), substantial class-based recruitment was found to be associated with access to both elites as individuals of managerial/executive origin were more likely to obtain elite status than those of other class origins. Given the available data, I cannot ensure an exhaustive explanation as to why the recruitment to both elites of the economic upper class was characterized by class-based recruitment. However, based on previous sociological studies, I will propose three suggestive mechanisms that may facilitate the class-skewed pattern apparent in the Norwegian economic upper class: (a) direct inheritance, (b) facilitation of preferences and tacit behavior, and (c) access to social networks and powerful contacts.

[71] The comparative study conducted by Atkinson, Piketty, and Saez (2011: 53-56) confirms the distinctive importance of ownership income in the top brackets of the income distribution in the Nordic countries, including Norway, in contrast to the experience of countries such as France, the US, Canada, Italy, and the UK.

Firstly, high volumes of economic capital provided by the family may be a key resource in the labor market through inheritance of corporate board memberships, block of shares and the like through which economic upper-class status is secured. Flemmen (2009: 516) argues that these types of direct transmission of economic capital may be the modern form of "family business inheritance."

Secondly, direct class "effects" may come about as a result of class-based differences in preferences and motivations. Goldthorpe (2000) claims that the goal of mobility strategies is to avoid downward class mobility and that life course choices are entrenched in the overarching goal of "*relative risk aversion.*" An individual's motivation to gain access to the economic upper class may thus be conditioned on the class position of one's parents. A "direct effect" of social origins mediated through preferences is also consistent with Bourdieu's notion of embodied cultural capital manifested in habitus, as it is argued to structure one's orientations, tastes and outlooks (see e.g. Bourdieu 1996). Aspirations to achieve a similar occupational status as one's parents may therefore be a "non-choice" or a "normal biography" (Ball et al. 2002). Additionally, the inherited capital structures, transmitted through habitus, may affect the likelihood of securing access to specific jobs in the economic upper class as employers may appreciate the "right economical habitus" where the cultural codes and specificities of the "economic game" is already implicitly recognized in the tacit behavior, manners of talk, and demeanor of the upper-class offspring (Bourdieu 1973: 98).

Thirdly, high class backgrounds may have a "direct effect" on career patterns through the provision of social capital (Bourdieu 1996). Familial networks in the top-levels of the economy may provide useful information on the availability of jobs and on the tacit requirements of the jobs in question and make available useful prestigious and influential referees who can vouch for reliability, credibility, and competence. In Norway, Hjellbrekke et al. (2007) have provided evidence on the usefulness of inherited social capital. However, as noted, the truth of any of the above-mentioned suggestive mechanisms cannot be verified in the current design, as we are only able to confirm statistical correlations, but unable to secure explanatory inference to the micro-level emergence of the phenomena observed.

In chapter 2, I hypothesized that the class-based transmission of advantage would be completed with more ease for recruitment into the industrial elite as the financial elite is understood to be a new phenomenon in the Norwegian upper class and hence the chances of parents' and offspring's occupational positions to coincide are smaller. Having parents who themselves had been executives (or managers) was expected to facilitate resourceful networks and provide direct inheritance or transmission of the tacit behavior of the elite-to-be, and such parental advantage was expected to be more important for entry into the industrial elite than for access to the new financial elite. However, despite the class bias within each elite, there was no systematic trend of greater importance of class origin for the recruitment into the industrial elite than into the financial elite. In fact, indications of even greater importance of managerial origin for the latter were suggested. This confirms Flemmen's (2012) observation of the upper-class backgrounds of individuals in the financial sector of the economic upper class.

In accordance with previous research into recruitment to the economic upper class (Flemmen 2009), independent associations of educational capital were provided for recruitment into both elites, and it therefore appears that educational qualifications may serve as an important entry ticket to assured elite membership. In line with previous research conducted by Klausen (2002b), for both elites, educational capital was of greater importance for working-class individuals than for individuals of the remaining class origins. Hence, the theoretical anticipation of the difficulty for individuals of working-class origin to convert educational credentials to occupational attainment is rejected. The importance of education for access to the industrial elite and the financial elite may be read as a strategy for working-class individuals to compensate for the disadvantage of not having parental resources available. However, this is not to say that education has automatically facilitated an open society where elite membership is obtainable for everyone. Education-based access to the Norwegian upper class is nonetheless associated with considerable effort—as a greater life course perspective arguably nuances the prospects of career possibilities for working-class individuals. Noting Hansen's (Hansen 2010, 2008, 1997a, 1995) research into inequality *within* the educational system, much is known about the skewed accessibility of educational capital in the first place. We can conclude that to the extent that working-class individuals acquire degrees in elite fields of study, these credentials appear to be a greater resource for these individuals than for the offspring of the other classes, given their overall slighter chances of attaining elite status. The association between elite status and class origins other than working-class backgrounds nonetheless makes the latter comparatively disadvantaged in terms of upper-class membership.

Many scholars have hypothesized that the advent of financialized capitalism has increased the importance of educational qualifications due to indirect ownership structures—

derived from institutional ownership, joint stock companies, and new financial techniques. Additional claims about the increased importance of educational requirements for access to "the new elite" have been posed in previous research. In concurrence with the theoretical expectations, certain educational qualifications were of greater significance for access to the financial elite than for access to the industrial elite. This was limited to undergraduate level education but extensively evident in degrees in elite fields of study. Arguably, the importance of undergraduate level education in the financial elite mirrors various undergraduate level business degrees offered in the Norwegian educational system. In addition to the protected title business administration (*siviløkonom*) a variety of undergraduate level business degrees such as accounting and marketing are prevalent among the financial elite members. Among all undergraduates in the financial elite more than 80 percent held business degrees.[72] In the analyses, all elite fields of study were analyzed jointly as a dichotomous variable in order to ensure sufficient number of observations in the maximum likelihood matrix. However, quartered statistics of separate elite fields of study in chapter 4 suggested large varieties in shares of different degrees, as business administration (*siviløkonom*) was strikingly apparent among financial elite members. As elite fields of study are conditioned on educational level, the observation of increased importance of undergraduate level education for financial elite membership, and graduate and postgraduate level education for industrial elite membership may reflect a greater importance of business administration in the financial elite, while higher-level elite fields of study may be of greater significance in the industrial elite.[73] The distinctive gain of degrees in business administration should be further explored to ensure more nuanced information on access to top-level financial occupational positions. Additionally, it may be expected that the value of elite credentials hinges on the internal prestige hierarchy of educational institutions that offer degrees in elite fields of study.[74] Unfortunately, there is no information on this matter in my data. In conclusion, the empirical data available reveals that undergraduate level business degrees are of greater importance in the financial elite than in the industrial elite, and hence points to distinctive educational requirements for access to the Norwegian financial elite.

[72] As illustrated in appendix C, the prevalence of undergraduate level business degrees in the financial elite is similarly exemplified in the fact that among everyone in the financial elite, more than 45 percent had various undergraduate level business degrees while these educational profiles were less persistent in the industrial elite with only 20 percent having undergraduate level business degrees.
[73] See discussion of the operationalization of elite fields of study in chapter 3.
[74] For example, it may be anticipated that degrees in business administration are more prestigious when certified from the Norwegian School of Economics (*Norges Handelshøyskole*) than BI Norwegian Business School.

We have seen that the sociological literature is divided in the theoretical framework explaining the increasing importance of educational qualifications for recruitment to top-level positions in the economical realm. On the one hand, education has been read as a competence requirement for sufficient execution of technically diversified work, while on the other hand, education has been grasped as a core mechanism for legitimizing continuing reproduction of advantage through symbolic verification that is tacitly recognized in the labor market. To what extent can the greater importance of specific educational qualifications for access to the financial elite be read as a strategy of transmission of advantage and hence as a symbolic certification value?

The evidence provided for the usefulness of elite credentials for individuals of working-class origin arguably weakens the assumption that the educational system is a means of "school-mediated mode of reproduction," exclusively reserved for the career strategies of the upper classes. If anything, education is not solely a means to avoid downward intergenerational mobility, but may also contribute to upward mobility for the working classes. However, the direct association of class origins and upper-class recruitment rejects the "managerial vision" of complete meritocracy where the "dysfunctional" transmission of class privilege has been completely defeated. Hence, alongside educational requirement, independent associations with class origins still persist in the structuring of the Norwegian financial elite.

However, undergraduate elite and business education was found to be of greater importance for all individuals of different class origins for recruitment into the financial elite than for recruitment into the industrial elite. Both analyses detected a partly spurious association between managerial origin and elite status, due to educational qualifications which demonstrates that the large share of individuals of upper-class origin in each elite is partly due to these individuals' educational profiles. However, the confounding element of education was slightly greater for managerial origin's association with financial elite status. Thus, Scott's (1997: 309-310) claim that education has facilitated traditional capitalists' entrance into new capitalist class situations may be given some tentatively support in the current study. On the other hand, the salience of this difference is slight and perhaps a more reasonable interpretation would be to suggest that if anything, recruitment to both elites was to some extent characterized by reconversion strategies of economic capital to educational capital.

This is not to say that the dispute about whether the primary function of education is the indoctrination and familiarization of "conventional standards of sociability and propriety"

(Collins 1979: 19) or the acquisition of valuable technical skills can be settled considering the empirical data that is provided in the present study. On the one hand, the greater importance of specific educational qualifications within the financial elite may mirror a greater demand for school-trained competence within finance, while on the other, extensive socialization of the “business ethos” and the cultural conduct of the economical realm may have eased the entranced into the economic upper class and therefore ensured labor market success. Any firm conclusion about either approach is unobtainable given the available data, as this would require either survey data or a qualitative study of what is being taught and thus achieved in schools. Perhaps, as noted by Morrow and Torres (1998: 133) “it is necessary to acknowledge that credentialed work includes both technical-functional and status characteristics.”

A conceivable methodological shortcoming with the current design concerns the potential occurrence of omitted variable bias. Unobserved variables may confound the estimation of the associations between education and elite statuses. For example, ambitions may have led certain individuals to strive for specific educational profiles they know will enhance their chances to achieve elite status, or innate ability may have eased the acquisition of educational credentials. As students with high unobserved ability and ambitions are more likely to attend higher education and elite fields of education in particular, the estimated impact of education on elite status is most likely upwardly biased. Secondly, due to unobserved variables that may affect both education and elite status, there may be reasons to anticipate that the estimation of the association between class origin and elite status is additionally biased.[75]

However, the interpretation of education as a mediating “effect” between social origin and labor market outcomes has been prevalent in the sociological literature. I therefore chose to leave out any substantial emphasis on this specific problem, other than pointing out methodological challenges atop the theoretical interpretive concerns.

[75] This has to do with the notion of a “collider variable,” which has become prominent in the methodological literature on causal inference. In short, education may constitute a collider variable insofar as both class origin *and* unobservable variables affect education. Education will therefore be characterized by mutual causation with respect to both class origin and the unobserved variables. By extension, as education makes up a mediating path between class origin and elite status, control for education will block this mediating effect while “unblocking” the causal path between class origin and elite status (see e.g. Elwert and Winship 2008, Morgan and Winship 2007: 62-74). However, I do not claim that there is a causal inference in my design, and the extensive and rigorous path analysis provided by analytical sociologists to some extent departs from the undertaking in the present study.

6.3 Elite Circulation from Industry to Finance?

Three possible career patterns have been suggested for industrial capitalists: (1) remaining in the industrial elite, (2) moving to the financial elite, and (3) exiting the economic upper class. In chapter 3, I discussed plausible destinations for outward mobility trajectories, and based on existing research I concluded that downward mobility is the most likely outcome of exiting the economic upper class, as opposed to horizontal movement into the cultural upper class or the professional upper class.[76]

The results from the analysis of outflow mobility ensured sound affirmation that those who exited the economic upper class were typically individuals of low class origin,[77] who had long-term residence elsewhere than in Oslo, and whose levels of educational capital were low. In turn, these findings provide evidence for the extensive exclusivity characterizing the economic upper class, as even after ensured membership, background characteristics structure the outcomes of occupational careers.

The results from the analysis of elite circulation from the industrial elite towards the financial elite revealed three distinct patterns. Firstly, class origin had no effect on the chances of pursuing this specific career trajectory. Secondly, degrees in elite fields of study and undergraduate level education had significant, positive associations with transition towards the financial elite, and thirdly, long-term residence in Oslo heightened the odds for transition from the industrial elite to the financial elite. The importance of long-term residence in the capital substantiates the initial anticipation that financialization is associated with increased geographical concentration of power.

The association between elite circulation and educational qualifications and long-term residence in Oslo may reflect a number of mechanisms. On the one hand, educational requirement for access to the financial elite from the industrial elite may stem from the above-mentioned possibility of demand for specific school-trained competence for occupations within the financial elite. Hence, the achieved educational qualifications may mirror skills in demand in the financial industries of the economy. On the other hand, as these former industrial elite members resembled the financial elite in their educational profiles, there may be reasons to suspect that these individuals have acquired social networks through similar schooling or experienced socialization into a given school-trained business ethos that eased

[76] See table 3.2.
[77] Small firm managerial origin was the only class background that had greater chances of exiting the economic upper class than working-class origin.

the career move into the financial elite. The importance of long-term residence in Oslo may additionally support an anticipation of social capital and informal interaction facilitated by long-term geographical proximity. Conversely, as the majority of work within the financial industries is located in Oslo, access to work may be dependent on geographical residence, and hence the importance of long-term residence in Oslo may erroneously indicate informal networks and acquaintance patterns.

Put together, educational and residential requirements may nonetheless induce a tentative anticipation that enrollment in similar educational programs, and perhaps institutions, in addition to similar geographical residence over a twelve-year period may have facilitated cohesion that has been of importance for the transfer from the industrial elite to the financial elite. By extension, the current findings might support an anticipation of class cohesion and elite consolidation across the industry/finance divide in the Norwegian upper class. However, it should be noted that theories of class cohesion often argue that high-class origin is a central mechanism facilitating social integration (see e.g. Scott 1985: 11-14, Bourdieu 1984, Useem 1984: 61-70), and that the association between class and elite circulation has not been confirmed in the analysis. In addition, the associations between the career move into the financial elite and geographical proximity and educational qualifications were not particularly strong. However, considering previous research into the reported usefulness of knowledge transference associated with interlocking directorships in the Norwegian economy (e.g. Grønmo and Løyning 2003, Løyning 2001) and the indubitable interconnectedness of industry and finance in the economy, the affirmation of industrial capitalists' career trajectories into the financial elite may have strengthened the coordinative and organizing function of the upper class in its totality. The extent to which a potential cohesiveness within the economic upper class is tantamount to a "power bloc" of unified money capitalists and industrial capitalists within the bourgeoisie, as argued by scholars such as Hilferding and Lenin, is undoubtedly questionable given the available data. At best, the occurrence of interaction and circulation may be read as a certain level of integration between industrial capitalist situations and financial capitalist situations.

A conceivable shortcoming of the current design is associated with the maximizing strategy to grasp occupational trajectories (see chapter 3). In order to register as many occupational transitions as possible, and additionally secure sufficient numbers of observation for the statistical analysis, any transition between 2004 and 2010 has been registered as career movement. However, many of those who did leave the industrial elite in favor of employment within the financial elite did not continue to be in the financial elite for the remaining period of observation (hence the decision to utilize the maximizing strategy in the first place). As such, some of the observed career movements are transitory, and too much substantial weight given to these career patterns may exaggerate the importance of these trajectories for the elite dynamics in the economic upper class.

6.4 Elite Circulation and Increased Income?

Are career trajectories from the industrial elite towards the financial elite associated with increases of income?

Contrary to the theoretical expectations, these trajectories were associated with reductions of income compared to remaining in the industrial elite. This implies that these career trajectories were neither particularly prestigious nor profitable. By extension, the above-mentioned lack of detected association between upper-class origin and internal mobility may be due to the fact that it was more preferable for industrial capitalists to remain in the industrial elite. However, as no *negative* association between managerial origin and internal mobility was assured, this assumption is given no empirical support, and thus remains speculation.

As the current design captures only the money gained or lost compared to the preceding year of admittance, it may be anticipated that the gains associated with transitions into the financial elite are rewarded later in the occupational career. It may be expected that it takes some time to profit within the new subfield of the economy, and one can suspect that seniority within a firm is of pivotal importance for advancement to higher-level positions within the internal pay and authority hierarchy of a given organization (Collins 1979: 45). Hence, possible long-term gains may be better captured through the usage of longer time intervals given that additional years of observation were provided.

It may be objected that the current design is based on a shallow approach to complex hiring processes that may induce considerable variations in the levels of economic gains associated with career movement within the economic upper class. For example, Hansen (1997b) has documented that employer-initiated recruitment has been associated with boosts of income levels, while Petersen, Saporta, and Seidel (2000) document the necessity of including referral methods for understanding the nature of labor market success. Other scholars have emphasized informal hiring qualifications such as informal attributes (Goldthorpe and Jackson 2008, Hartmann 2000) or seniority within the labor market facilitating "embeddedness" in social networks (Granovetter 1995). Hence, there may be additional, and complex, mechanisms at play that determine the career paths and levels of economic success associated with career moves that are not sufficiently included in the current design.

Additionally, the industrial elite makes up an undoubtedly heterogeneous group of individuals, consisting of a variety of industry interests. In chapter 3, I argued that the crude distinction between finance and industry is warranted by the fact that all industries are arguably dependent on the financial elite through provision of loans, counseling or other types of financial facilitation that ensures the function of economic practice conducted in all industries engaged in the real economy. However, there may be reasons to suspect that certain industrial capitalists bear more resemblance to the financial elite in their activities than others, and therefore that the transition towards the financial elite may be completed with more ease for some industrial capitalists than for others.

6.5 Key Findings and Conceptual and Methodological Challenges

Motivated by the theoretical emphasis on finance as an increasingly important realm of the economy associated with considerable strategic power and economic rewards assigned to financial intermediaries, the present study has been the first to investigate the novel financial elite of Norway. We have seen that the financial elite has been uncovered as a distinct elite in the Norwegian upper class due to its entry requirements of undergraduate level business degrees and geographical concentration, atop the class-based character of the economic upper class in its totality. However, its levels of income did not exceed the levels of the industrial elite, and occupational trajectories from the industrial elite towards the financial elite were found to be unprofitable. The analyses have offered suggestive indications of elite consolidation in the economic upper class, as elite circulation from industry to finance was associated with specific educational profiles and geographical proximity, in addition to both inter- and intra- generational mobility between the "old elite" and the "new elite."

However, the conclusions drawn in this study may be vulnerable to the research design utilized. The primary undertaking of this thesis has been the comparison between a new and an old elite—expressed as "the financial elite" and "the industrial elite"—and the preceding findings hinge on the assumption that these elites are accurately constructed. I will therefore highlight conceivable shortcomings that may endanger the validity of the conclusions drawn.

Firstly, the construction of the financial elite is motivated by an attempt to operationalize capital market intermediaries. I have already noted the potential drawback associated with the one-sided emphasis on the employee-character of these intermediaries and thus the neglect of financial *owners* who operate as important intermediaries through, for example, private equity or involvement in the performance of broker houses. However, it may be that there are additional important intermediaries that function as core intermediaries in consulting, corporate law or as *organic intellectuals* (Carroll, Fennema, and Heemskerk 2010: 815, Carroll 2008: 46-47, Grünfeld and Jakobsen 2006: 48-49) that are additionally neglected. If these actors operate in financial and non-financial industries they will not have been registered with industry codes of financial intermediation.

Secondly, the industrial elite is arguably heterogeneous, consisting of various industries and class situations—such as owners and managers. Does this operationalization make up a meaningful basis of comparison with the financial elite? Are the questions raised sufficiently addressed in comparing these two constructed elites? Two conceivable alternatives should be mentioned: Firstly, specific, perhaps more meaningful, industries of the industrial elite could have been selected based on industry codes. Secondly, its construction could have been restricted to the managerial elite or possibly the rentiers—whose income is directly derived from the intermediary services of the financial elite. However, the inclusive classification is characterized by a desire to include important capitalists of the "real economy," where both owners and managers make up theoretical ground capitalist class situations—as argued by various scholars (see e.g. Flemmen 2012, 2009, Wright 2005, Scott 1997). Additionally, the theoretical emphasis on the prominence of financial intermediaries analyze these economic actors in respect to both managers and owners (Folkman et al. 2007).

Thirdly, as emphasized in the introduction, it may be objected that these analytically constructed elites do not correspond to actual divisions in business life (Scott 1997: 40). For example, as underlined by researches emphasizing interlocking directorships, boards are complexly composed, and board members are anticipated to influence the management of the firm. Though Norwegian legislation have prevented *some* ties along the finance/industry axis, it may be that some industrial capitalists serve on the board of a financial institution and therefore have extensive authority as to the investment strategies of the intermediary institutions, while they also operate as industrial capitalists. Hence, the present analytical classification is vulnerable to corporate dynamics that might challenge the crude distinction between industry and finance.

Given these considerations, the findings of the present study would arguably be strengthened if alternative operationalization could verify the distinctiveness of the Norwegian upper class demonstrated in the present investigation.

6.6 Further Research

The current study has been limited to preliminary research questions regarding the nature of the Norwegian financial elite, and hence, its findings stimulate further questions.

Firstly, undergraduate level business education has been found to be a key resource for recruitment into the financial elite and mobility within the economic upper class. We have seen that educational qualifications, and not class backgrounds, have been associated with transitions into the financial elite from the industrial elite and have generally been associated with boosts of income levels in the comparison of income differences in pair of years. However, the latter is estimated based on the preceding levels of income for each individual and hence give no answer to the question of the extent to which education has been effective in reaching the top-levels within each respective elite. Rather, I have provided information on the extent to which individuals have decreased their own respective income level as a function of the career move from the industrial elite towards the financial elite compared to remaining in the industrial elite. However, in his findings concerning internal closure *within* the economic upper class, Flemmen (2009) found that education was negatively associated with access to these top-levels, while "direct effects" of class origin served as an important access criterion. Thus, much research is yet to be completed on the structure of the top-levels of the financial elite, especially considering the recent emphasis on top-level income shares assigned to the 0.1 percent and 0.01 percent richest individuals in the income distribution (see e.g. Aaberge and Atkinson 2010). The extent to which these educational credentials have been important for access to the "enclosed" levels of the financial industry remains to be verified.

Additionally, Flemmen (2012: 1049) has documented internal differentiation between social origins and occupational positions within the economic upper class. While individuals of managerial origin were found to be more prone to be owners within the economic upper class, individuals with working-class background often gained admittance to managerial occupations. As the capital market intermediaries are employees, the internal dynamics within the financial elite may blur this observed differentiation within the economic upper class and hence highlight the need to move beyond the conventional theoretical framework of ownership and control, as argued by Folkman et al. (2007). On the other hand, it remains to be seen whether class origin structures the internal authority hierarchy within the financial elite, evident in for example lower-level stock market traders and bank executives.

Secondly, as I have proposed a weak approach to financialization—with no presupposition of any widened power assigned the financial sphere at the expense of industry—the current analysis departs to some extent from the scholarly emphasis on increasing dominance of financial relations in corporate decision-making and elite rule. The theoretical contribution of the increased strategic and allocative control provided for capital market intermediaries has served as an important stepping stone to the questions raised in the current study, but the extent to which this theoretical power base has attenuated the relative power of industry remains to be investigated.[78] However, this theme, central to the strong horizontal approach to financialization, cannot be sufficiently addressed with the current data. Although these intermediaries were not systematically greater rewarded than their respective counterparts in the industrial elite when the combined measure of income was investigated, the advent of financialized capitalism may nonetheless have granted considerable dominance and authority to capital market intermediaries through strategic control of capital flows. The verification of such an assumption is perhaps best grasped through qualitative research into actual decision-making within the economic upper class or other forms of quantitative data such as survey data.

Thirdly, the current analysis has provided evidence for both intra- and intergenerational mobility between the new financial elite and the "old elites." The financial elite recruited its members from the conventional managerial class to the same extent as, and perhaps to a greater extent than, the rest of the economic upper class, and occupational mobility between industry and finance was detected in the analyses. Though I have argued that the facilitation of a "power bloc" of unified money capitalists and industrial capitalists is doubtful considering the available data, the possibility of increased class consolidation and hence facilitation of a Weberian social class warrants further research. To paraphrase Weber, both inter- and intra- generational mobility has been proven to be "easy and typical," but the

[78] As emphasized by Wood and Wright (2010: 1052), Folkman et al. frame their argument of increasing prominence of financial intermediaries in a zero-sum logic, by which growth of new important actors inevitably reduces the prominence of others (i.e. shareholders or other traditional stakeholders). Thus, Wood and Wright criticize Folkman et al. for neglecting the possibility of complementarity. Additionally, Andersen (2003: 95-97) has argued that one of the core features of institutional investors is the dual-principal/agent relationship between these investors and shareholders and managers. Rather than working for themselves, he argues that institutional investors are agents for the shareholders whose capital they manage, while they make up principals for various managers through supervision and disciplinary measures. I will argue that this debate on corporate governance needs to be clarified through actual empirical research where these power relations are scrutinized in micro-level decision-making processes.

extent to which the linkage between the "old" and the "new" elite is manifested in demographic circulation remains to be investigated. The support for the importance of geographical proximity may indicate informal acquaintance patterns and the occurrence of intermarriages and social cohesion, but these important processes for the formation of a social class should be further investigated. Complementary research through, for example, qualitative interviews or observations should therefore be completed in order to add nuanced insights to the dynamics in the Norwegian economic upper class.

6.7 Conclusion: The Foray of Capital Market Intermediaries?

The renewed attention to elites in both scholarly and public debates is anchored in the recent growth of economic inequality and its association with trends of financialization. Highlighting concentration of power, control and economic rewards associated with the development of new financial techniques in deregulated financial markets, both scholars and social movements have questioned the distributive inequality resulting from the operation of financial elites. In sociology, the claim about the constitution of a new set of economic actors—the capital market intermediaries—has pointed to extensive rewards associated with the risk-free management of financial markets, as these intermediaries are argued to be exempted from the consequences of deficits or unsound investments. In terms of economic rewards, the capital market intermediaries are claimed to be greater remunerated than the old elite of managers and owners in the real economy.

The majority of the scholarly literature on financialized elites comes from the US, Canada, and Western Europe. There are important similarities between these countries and Norway. Firstly, as with the above-mentioned countries, in Norway, the political reorientation towards market-oriented policies in the late 1970s has facilitated an exponential growth of the financial sector in the economy. Secondly, in accordance with other countries, these trends of financial expansion have been associated with a general reduction of labor shares and increasing economic inequality. I have reviewed research that finds that the movement away from traditional bank relationships of loans and bank deposits towards new forms of financial transactions such as trading in securities and venture capital financing has been associated with relatively *more* inequality in the Nordic countries than in the Anglo-American countries.

However, this study has illustrated that the assumption of extensive remunerations of capital market intermediaries in comparison to conventional economic elites is inaccurate in Norway. While the financial elite acquired greater earnings than the industrial elite, it was not characterized by extensive economic rewards when additional types of income were introduced. The analysis has revealed that the "new financial elite" has not been able to match the persistent levels of income of the "old elites." In other words, the management of capital does not provide greater economic rewards than the capital gains associated with ownership of capital. In general, there is no support for the anticipation that the increasing concentration of economic capital is the result of extensive remunerations of financial intermediary services. By extension, this points to important differences between the elite dynamics within the upper classes in Norway and those within the upper classes in the US, as the latter have been characterized by a reduction of capital income, while the opposite holds for the top brackets of the Norwegian economy. An important note of reflection herein is the distinctive importance of ownership income in the Norwegian economic upper class. It is hard to formulate an accurate explanation for the observed differences between Norway and other advanced countries. Most likely, these discrepancies are due to different societal structures, but comparative research would possibly be able to analyze the reason for divergent elite dynamics between countries given that additional data on multiple countries was available.

In conclusion, the recent scholarly appeal to "remember elites" based on increasing income concentration caused by extensive rewards of capital market intermediaries does not reflect the social dynamics of economic elites in the Norwegian economy. The financial elite was found to be distinctive in its requirement of undergraduate level business degrees or other types of elite credentials and its geographical anchorage, but its members were recruited from the traditional upper class, and their levels of remunerations were inferior to the ownership income of the industrial elite. Overall, this study has shown that, in Norway, it is the propertied "old elites" who should be remembered in present day-financialized capitalism.

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Appendices

Appendix A: Ordinary Least Square Regression of Earnings and Combined Income

Table A_1: Ordinary Least Square Regression, Logarithmic Earnings

	Model 1		Model 2		Model 3		Model 4	
Elite status (industrial elite = ref.cat)								
Financial elite	0.772	***	0.777	***	0.985	***	0.842	***
	(0.009)		(0.009)		(0.018)		(0.019)	
Social origin (workers = ref.cat)								
Managers/executives			0.045	**	0.069	***	0.028	*
			(0.015)		(0.015)		(0.014)	
Professionals, academics etc.			-0.129	***	-0.148	***	-0.106	***
			(0.025)		(0.024)		(0.023)	
Engineers, administrators etc.			0.110	***	0.084	***	0.089	***
			(0.018)		(0.018)		(0.017)	
Medium level, private sector			0.174	***	0.152	***	0.145	***
			(0.019)		(0.019)		(0.018)	
Medium level, public sector			0.048		0.022		0.035	
			(0.030)		(0.030)		(0.028)	
Small firm manager			-0.114	***	-0.056	*	-0.077	**
			(0.025)		(0.024)		(0.024)	
Woman			-0.417	***	-0.424	***	-0.403	***
			(0.018)		(0.017)		(0.016)	
Age			0.149	***	0.155	***	0.150	***
			(0.007)		(0.007)		(0.006)	
Age²			-0.002	***	-0.002	***	-0.002	***
			(0.000)		(0.000)		(0.000)	
Year (2003 = ref.cat)								
2004					0.059	***	0.054	***
					(0.012)		(0.012)	
2005					0.050	***	0.044	***
					(0.013)		(0.012)	
2006					0.466	***	0.446	***
					(0.014)		(0.014)	
2007					0.532	***	0.513	***
					(0.014)		(0.013)	
2008					0.583	***	0.563	***
					(0.014)		(0.013)	
2009					0.619	***	0.598	***
					(0.014)		(0.014)	
2010					0.644	***	0.619	***
					(0.014)		(0.014)	
*Year*Financial elite*								
2004*Financial elite					-0.007		0.002	
					(0.018)		(0.018)	
2005*Financial elite					0.024		0.043	*
					(0.019)		(0.019)	
2006*Financial elite					-0.235	***	-0.204	***
					(0.020)		(0.021)	
2007*Financial elite					-0.264	***	-0.235	***
					(0.020)		(0.020)	
2008*Financial elite					-0.315	***	-0.283	***
					(0.020)		(0.020)	

2009*Financial elite					-0.404	***	-0.391	***
					(0.020)		(0.021)	
2010*Financial elite					-0.394	***	-0.378	***
					(0.020)		(0.021)	
Higher education (lower/other=ref.cat)								
Undergraduate							0.230	***
							(0.011)	
Graduate							-0.463	***
							(0.021)	
Postgraduate							0.144	**
							(0.055)	
Elite fields of study							0.447	***
							(0.017)	
Constant	13.480	***	10.173	***	9.724	***	9.698	***
	(0.006)		(0.146)		(0.144)		(0.140)	
N	170,986		170,986		170,986		170,986	
r^2	0.041		0.065		0.099		0.139	

*p<0.05, **p<0.01, ***p<0.001

Table A$_2$: Ordinary Least Square Regression, Logarithmic Combined Income

	Model 1	Model 2	Model 3	Model 4
Elite status (industrial elite = ref.cat)				
Financial elite	-0.050 ***	-0.053 ***	-0.246 ***	-0.264 ***
	(0.007)	(0.007)	(0.014)	(0.014)
Social origin (workers = ref.cat)				
Managers/executives		0.192 ***	0.183 ***	0.179 ***
		(0.007)	-0.007	(0.007)
Professionals. academics etc.		0.052 ***	0.062 ***	0.073 ***
		(0.009)	-0.008	(0.009)
Engineers. administrators etc.		0.027 ***	0.039 ***	0.041 ***
		(0.007)	-0.007	(0.007)
Medium level. private sector		0.023 **	0.033 ***	0.034 ***
		(0.008)	(0.008)	(0.008)
Medium level. public sector		-0.021 *	-0.008	-0.002
		(0.010)	(0.010)	(0.010)
Small firm manager		0.199 ***	0.174 ***	0.171 ***
		(0.012)	(0.012)	(0.012)
Woman		-0.039 ***	-0.040 ***	-0.028 ***
		(0.006)	(0.006)	(0.006)
Age		-0.014 ***	-0.016 ***	-0.016 ***
		(0.003)	(0.003)	(0.003)
Age²		0.000 ***	0.000 ***	0.000 ***
		(0.000)	(0.000)	(0.000)
Year (2003 = ref.cat)				
2004			0.011 *	0.011 *
			(0.006)	(0.006)
2005			0.121 ***	0.120 ***
			(0.006)	(0.006)
2006			-0.175 ***	-0.176 ***
			(0.006)	(0.006)
2007			-0.160 ***	-0.162 ***
			(0.006)	(0.006)
2008			-0.185 ***	-0.187 ***
			(0.006)	(0.006)
2009			-0.221 ***	-0.222 ***
			(0.006)	(0.006)
2010			-0.207 ***	-0.209 ***
			(0.006)	(0.006)
*Year*Financial elite*				
2004*Financial elite			0.048 ***	0.048 ***
			(0.014)	(0.014)
2005*Financial elite			0.002	0.004
			(0.015)	(0.016)
2006*Financial elite			0.264 ***	0.266 ***
			(0.016)	(0.016)
2007*Financial elite			0.288 ***	0.290 ***
			(0.016)	(0.016)
2008*Financial elite			0.262 ***	0.264 ***
			(0.016)	(0.016)
2009*Financial elite			0.254 ***	0.252 ***
			(0.016)	(0.016)
2010*Financial elite			0.295 ***	0.294 ***
			(0.017)	(0.017)
Higher education (lower/other=ref.cat)				
Undergraduate				-0.041 ***
				(0.006)
Graduate				-0.117 ***
				(0.007)
Postgraduate				0.015
				(0.021)
Elite fields of study				0.129 ***
				(0.007)
Constant	14.505 ***	14.737 ***	14.856 ***	14.859 ***
	(0.003)	(0.060)	(0.059)	(0.059)
N	198,854	198,854	198,854	198,854
r²	0.001	0.020	0.055	0.062

*p<0.05. **p<0.01. ***p<0.001

Appendix B: Multinomial Logistic Regression Analysis, Elite Recruitment

Table B: Multinomial Logistic Regression Analysis, Relative Risk Ratios for Financial Elite Status and Other Occupations, Contrasted to Industrial Elite Status

	Model 1	Model 2	Model 3
Financial elite			
Social origins (Workers=ref)			
Managers/executives	1.301 ***	1.045	1.206 ***
	(0.053)	(0.045)	(0.062)
Professionals. academics etc.	1.207 ***	1.100	1.268 ***
	(0.064)	(0.061)	(0.090)
Engineers. administrators etc.	1.360 ***	1.197 ***	1.360 ***
	(0.062)	(0.058)	(0.081)
Medium level. private sector	1.415 ***	1.255 ***	1.425 ***
	(0.075)	(0.068)	(0.091)
Medium level. public sector	1.247 **	1.112	1.274 **
	(0.088)	(0.080)	(0.112)
Small firm managers	0.945	0.79 **	0.851
	(0.073)	(0.062)	(0.080)
Woman	0.954	0.960	0.965
	(0.037)	(0.039)	(0.039)
Age	1.027 *	0.999	0.998
	(0.013)	(0.015)	(0.015)
Age²	0.999 ***	1.000 **	1.000 **
	(0.000)	(0.000)	(0.000)
Long-term residence in Oslo	1.721 ***	1.557 ***	1.552 ***
	(0.056)	(0.052)	(0.052)
Higher education (Lower/other=ref)			
Undergraduate		1.915 ***	1.850 ***
		(0.077)	(0.076)
Graduate		0.446 ***	0.429 ***
		(0.027)	(0.026)
Postgraduate		0.735	0.703 *
		(0.124)	(0.119)
Elite field of study		3.318 ***	4.123 ***
		(0.148)	(0.287)
*Elite fields of study*social origin (elite field*workers=ref)*			
Elite field*managers/executive			0.775 **
			(0.068)
Elite field*professionals			0.733 **
			(0.080)
*Elite field*enigneers. admin.*			0.758 **
			(0.073)
*Elite field*medium levle. private sector*			0.728 **
			(0.085)
*Elite field*medium level. public sector*			0.680 *
			(0.102)
Elite field*small firm managers			0.959
			(0.161)
Constant	0.152 ***	0.179 ***	0.169 ***
	(0.039)	(0.055)	(0.051)

(continued)

Other			
Social origins (Workers=ref)			
Managers/executives	0.225 ***	0.330 ***	0.299 ***
	(0.003)	(0.005)	(0.005)
Professionals. academics etc.	0.306 ***	0.580 ***	0.553 ***
	(0.006)	(0.011)	(0.013)
Engineers. administrators etc.	0.380 ***	0.630 ***	0.595 ***
	(0.006)	(0.011)	(0.012)
Medium level. private sector	0.472 ***	0.590 ***	0.567 ***
	(0.009)	(0.011)	(0.012)
Medium level. public sector	0.556 ***	0.802 ***	0.801 ***
	(0.014)	(0.020)	(0.023)
Small firm managers	0.280 ***	0.342 ***	0.314 ***
	(0.006)	(0.008)	(0.008)
Woman	5.858 ***	5.675 ***	5.666 ***
	(0.076)	(0.076)	(0.075)
Age	0.625 ***	0.620 ***	0.621 ***
	(0.003)	(0.003)	(0.003)
Age²	1.005 ***	1.005 ***	1.005 ***
	(0.000)	(0.000)	(0.000)
Long-term residence in Oslo	0.508 ***	0.625 ***	0.625 ***
	(0.006)	(0.008)	(0.008)
Higher education (Lower/other=ref)			
Undergraduate		0.337 ***	0.254 ***
		(0.006)	(0.007)
Graduate		0.363 ***	0.368 ***
		(0.004)	(0.004)
Postgraduate		0.315 ***	0.323 ***
		(0.006)	(0.006)
Elite field of study		0.439 ***	0.448 ***
		(0.020)	(0.021)
*Elite fields of study*social origin (elite field*workers=ref)*			
Elite field*managers/executive			1.688 ***
			(0.061)
Elite field*professionals			1.339 ***
			(0.057)
*Elite field*enigneers. admin.*			1.384 ***
			(0.053)
*Elite field*medium levle. private sector*			1.342 ***
			(0.067)
*Elite field*medium level. public sector*			1.114
			(0.068)
Elite field*small firm managers			1.798 ***
			(0.123)
Constant	8,029,036 ***	15,400,000 ***	15,400,000 ***
	(734,680.4)	(1,594,688)	(1,596,884)
N	18,497,491	18,497,491	18,497,491
Log pseudolikelihood	-1,020,717.6	-960,708.68	-959,938.9

*p<0.05. **p<0.01. ***p<0.001

Appendix C: Educational Qualifications

Table C_1: Educational Qualifications in The Financial Elite in Year 2010, by Frequency

Eudcational level	**Fields of education**	Frequency	Percent	Cum.
Undergraduate	Business and Administration	1,647	46.79	46.97
Graduate	Business and Administration	428	12.16	58.95
Upper secondary, final year	General Subjects	282	8.01	66.96
Graduate	Social Sciences and Law	219	6.22	73.18
Graduate	Natural Sciences, Vocational and Technical subjects	146	4.15	77.33
Upper secondary, final year	Business and Administration	117	3.32	80.65
Undergraduate	Humanities and Arts	115	3.27	93.92
Undergraduate	Natural Sciences, Vocational and Technical subjects	68	1.93	95.85
Undergraduate	Social Sciences and Law	67	1.90	87.75
Undergraduate	Transport and Communications, Safety and Security	62	1.76	89.51
Post-secondary non-tertiary education	Business and Administration	52	1.48	90.99
Missing	Missing	34	0.97	91.96
Lower secondary	General Subjects	31	0.88	92.84
Upper secondary, basic education	Business and Administration	28	0.80	93.64
Graduate	Primary Industries	28	0.80	94.44
Undergraduate	Teacher Training and Pedagogy	27	0.77	95.21
Graduate	Transport and Communications, Safety and Security	27	0.77	95.98
Upper secondary, basic education	Natural Sciences, Vocational and Technical subjects	23	0.65	96.63
Upper secondary, final year	Natural Sciences, Vocational and Technical subjects	16	0.45	97.07
Upper secondary, basic education	General Subjects	15	0.43	97.5
Undergraduate	Unspecified Broad Field of Education	10	0.28	97.78
Postgraduate	Business and Administration	10	0.28	98.06
Upper secondary, basic education	Transport and Communications, Safety and Security	8	0.23	98.2
Post-secondary non-tertiary education	General Subjects	7	0.20	98.4
Post-secondary non-tertiary education	Natural Sciences, Vocational and Technical subjects	7	0.20	98.6
Postgraduate	Natural Sciences, Vocational and Technical subjects	7	0.20	98.8
Postgraduate	Unspecified Broad Field of Education	6	0.17	98.97
Undergraduate	Health, Welfare and Sport	4	0.11	99.08
Upper secondary, final year	Transport and Communications, Safety and Security	3	0.09	99.17
Graduate	Humanities and Arts	3	0.09	99.26
Graduate	Unspecified Broad Field of Education	3	0.09	99.35
Postgraduate	Health, Welfare and Sport	3	0.09	99.44
Postgraduate	Primary Industries	3	0.09	99.53
Upper secondary, basic education	Humanities and Arts	2	0.06	99.59
Upper secondary, final year	Social Sciences and Law	2	0.06	99.65
Upper secondary, final year	Health, Welfare and Sport	2	0.06	99.72
Post-secondary non-tertiary education	Transport and Communications, Safety and Security	2	0.06	99.78
Graduate	Health, Welfare and Sport	2	0.06	99.84
Upper secondary, basic education	Health, Welfare and Sport	1	0.03	99.87
Upper secondary, basic education	Primary Industries	1	0.03	99.91
Upper secondary, final year	Primary Industries	1	0.03	99.94
Postgraduate	Social Sciences and Law	1	0.03	100
Total		3,520	100.00	

Note: Business and administration denotes all types of business degrees including elite degrees in business administration (*siviløkonom*)

Table C_2: Educational Qualifications in The Industrial Elite in Year 2010, by Frequency

Eudcational level	Fields of education	Frequency	Percent	Cum.
Undergraduate	Business and Administration	6,386	20.40	20.40
Graduate	Natural Sciences, Vocational and Technical subjects	3,539	11.30	31.7
Undergraduate	Natural Sciences, Vocational and Technical subjects	2,559	8.17	39.87
Upper secondary, final year	General Subjects	2,208	7.05	46.92
Graduate	Health, Welfare and Sport	1,946	6.22	53.14
Graduate	Social Sciences and Law	1,896	6.06	59.2
Upper secondary, final year	Natural Sciences, Vocational and Technical subjects	1,614	5.16	64.36
Upper secondary, final year	Business and Administration	1,066	3.40	67.76
Graduate	Business and Administration	1,390	4.44	72.2
Upper secondary, basic education	Natural Sciences, Vocational and Technical subjects	1,000	3.19	75.39
Lower secondary	General Subjects	821	2.62	78.01
Post-secondary non-tertiary education	Natural Sciences, Vocational and Technical subjects	750	2.40	80.41
Undergraduate	Humanities and Arts	697	2.23	82.64
Upper secondary, basic education	Business and Administration	678	2.17	84.81
Missing	Missing	433	1.38	86.19
Undergraduate	Social Sciences and Law	399	1.27	87.46
Undergraduate	Transport and Communications, Safety and Security	386	1.23	88.69
Undergraduate	Teacher Training and Pedagogy	378	1.21	89.9
Post-secondary non-tertiary education	Business and Administration	350	1.12	91.02
Undergraduate	Health, Welfare and Sport	348	1.11	92.13
Postgraduate	Natural Sciences, Vocational and Technical subjects	296	0.95	93.08
Upper secondary, basic education	General Subjects	275	0.88	93.96
Graduate	Transport and Communications, Safety and Security	214	0.68	94.64
Upper secondary, final year	Transport and Communications, Safety and Security	177	0.57	95.21
Upper secondary, basic education	Primary Industries	156	0.50	95.71
Upper secondary, basic education	Transport and Communications, Safety and Security	138	0.44	96.15
Postgraduate	Health, Welfare and Sport	119	0.38	96.53
Post-secondary non-tertiary education	General Subjects	108	0.34	96.87
Upper secondary, basic education	Health, Welfare and Sport	107	0.34	97.21
Graduate	Primary Industries	98	0.31	97.52
Upper secondary, final year	Primary Industries	93	0.30	97.82
Undergraduate	Unspecified Broad Field of Education	93	0.30	98.12
Upper secondary, final year	Health, Welfare and Sport	91	0.29	98.41
Graduate	Humanities and Arts	87	0.28	98.69
Upper secondary, final year	Humanities and Arts	65	0.21	98.9
Post-secondary non-tertiary education	Transport and Communications, Safety and Security	60	0.19	99.09
Upper secondary, basic education	Humanities and Arts	47	0.15	99.24
Postgraduate	Social Sciences and Law	43	0.14	99.38
Graduate	Teacher Training and Pedagogy	28	0.09	99.47
Postgraduate	Business and Administration	24	0.08	99.55
Postgraduate	Unspecified Broad Field of Education	24	0.08	99.63
Upper secondary, basic education	Teacher Training and Pedagogy	16	0.05	99.67
Undergraduate	Primary Industries	14	0.04	99.71
Graduate	Unspecified Broad Field of Education	14	0.04	99.75
Postgraduate	Primary Industries	12	0.04	99.79
Primary education	General Subjects	9	0.03	99.82
Upper secondary, basic education	Unspecified Broad Field of Education	9	0.03	99.85
Post-secondary non-tertiary education	Humanities and Arts	9	0.03	99.88
No education	Unspecified Broad Field of Education	6	0.02	99.9
Upper secondary, basic education	Social Sciences and Law	5	0.02	99.92
Upper secondary, final year	Social Sciences and Law	4	0.01	99.93
Postgraduate	Humanities and Arts	4	0.01	99.94
Lower secondary	Natural Sciences, Vocational and Technical subjects	3	0.01	99.95
Upper secondary, final year	Teacher Training and Pedagogy	3	0.01	99.96
Post-secondary non-tertiary education	Health, Welfare and Sport	3	0.01	99.97
Post-secondary non-tertiary education	Primary Industries	3	0.01	99.98
Lower secondary	Business and Administration	2	0.01	99.99
Postgraduate	Teacher Training and Pedagogy	2	0.01	100
Lower secondary	Transport and Communications, Safety and Security	1	0.00	100
Post-secondary non-tertiary education	Social Sciences and Law	1	0.00	100
Total		31,307	100.00	

Note: Business and administration denotes all types of business degrees including elite degrees in business administration (*siviløkonom*)