Class Formation in the Global Field of Finance: A Comparative Study of Frankfurt and Sydney

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Lukas Hofstätter

MA, BAKK.PHIL University of Vienna, Austria

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Thesis Summary

This thesis investigates whether professionals on the global financial markets, such as investment bankers, traders, and analysts, form a global social class.

Over recent decades, rising inequality has reinvigorated interest in issues of class. Despite the experience of world-wide economic crises demonstrating the global reach of the contemporary economy, the research areas of globalisation and class remain surprisingly disengaged from each other. Especially the question of global class formation continues to be underexplored.

The first part of this thesis examines why the issue of globalisation remains a niche within research on class. Therefore, the theoretical foundations of the dominant approaches to class are investigated, identifying the causes for the implicit "methodological nationalism" of modern mainstream class analysis in the underlying theories of the economy and social action. Vice-versa, an examination of globalisation theory shows that similar obstacles persist in the theoretical reasoning on inequality from a global perspective, precluding a conceptualisation of global class formation. In dialogue with the few existing approaches to conceptualize class on a global level, a framework for the study of global class formation based on Pierre Bourdieu's notion of social fields is developed.

In part two of the thesis this framework is employed to examine empirically whether the global field of finance is currently the source for the formation of a global financial class. The field of finance as the most globalised economic sector is a paradigmatic case for studying the formation of a global class. This interview study on the career trajectories of financial professionals from Frankfurt and Sydney uncovers that, despite the legacy of national economic specificities on the institutional level, financial actors draw in their social praxis on global forms of social, cultural and economic capital and have developed a common culture, worldview, praxis, and habitus, delineating the formation of a global financial class.

I certify that this thesis has not been submitted to any university or any other institute in the pursuit of a higher degree.

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1 Introduction

Since the term 'globalisation' entered the lexicon in the 1980s, it has been the subject of debate regarding its dangers and benefits; its extent and its effects. Protests against globalisation and the perceived injustices it would bring have contributed to the rise to prominence of the concept in the 1990s and 2000s, and sparked worldwide "anti-globalisation movements", from both, the political left, as well as in the form of a revival of ethno-nationalist populism, from the right.

A central issue in the controversies about globalisation is its effect on inequality. While economic liberals hail it as "a tide raising all boats", creating prosperity to be enjoyed by everyone, critics argue that it increases competition in the world market between nation-states, inducing a downward spiral in wages and the provision of social services.

In 2016, two political events made this conflict especially apparent: The United Kingdom's referendum to leave the European Union, and the election of Donald Trump as President of the United States. In both cases, a prominent interpretation in the media was that these votes represented a revolt of "globalisation's have-nots" against "the elites", who profited from globalisation while the middle- and working-classes were left behind (*The Guardian*, 17.7.2016).

That globalisation has changed the distribution of income and wealth is apparent, especially in western countries where it has led to polarisation in terms of income and wealth. Incomes at the top of the distribution have taken a divergent trajectory from incomes at the mean: While the global inequality between countries has decreased over the last decades, empirical data shows a rise in social inequality within countries worldwide. Of the twenty-two OECD countries where long-term data series on market income are available, since the mid-1980s only three show unchanged inequality; and only in Turkey and Greece has inequality decreased, albeit from already high levels. Also, a general tendency of income polarisation can be observed, most notably in English-speaking countries (OECD 2012: 23ff).

Atkinson et al. (2011) show that this new dynamic in inequality is driven by developments at the top of the income pyramid. The global trend towards a more egalitarian income distribution, which set in after 1945, was reversed during the 1980s, which has resulted in English-speaking countries and developing countries exhibiting the strongest changes, followed by a group of Nordic and southern-European countries. The lowest rise in inequality has occurred in Western and Central Europe and in Japan. The authors demonstrate that rising income inequality is connected to policies commonly associated with neoliberal globalisation

– namely, policies of market deregulation and welfare-state reform. These policies have replaced the “keynesian compromise” (Edwards and Wajcmann 2005: 12; 19-41) in the post-war era, which was built on secure employment, rising income- and consumption levels and social security for workers, thus pacifying social conflict between labour and capital. The politics of the 1970’s onward, associated with Ronald Reagan and Margaret Thatcher as their figureheads, saw a dismantling of this arrangement, instilling a dynamic whereby incomes at the bottom of the distribution have remained constant in absolute terms, or even declined, whereas an increasing share of market income is going to the top groups in income distribution, which in turn is largely an effect of capital income and capital gains. Building on these insights and augmenting them with detailed international data on wealth and income, the French economist Thomas Piketty has concluded that it is indeed the free reign of global markets, which benefits the holders of capital. In the long run, wages are constrained by economic growth, whereas the ownership of capital – when not subjected to taxation – yields far greater returns. Over time, the outcome is a polarisation of both income and wealth between the one percent of the world population, who control most of the world’s capital, and the rest (Piketty 2015)[1].

A mechanism central to this dynamic is the financial markets, through which capital is invested and yields its returns. In 2013, the total assets under management by banks and other financial institutions around the world amounted to roughly 59.6% of world GDP, up from 49.8 in 2008, the year of the Global Financial Crisis (GFC) (World Bank 2015). Financial markets also play a decisive role in the process of globalisation, since they allocate where and how capital is invested, and thus who profits from it and who does not. From the beginning of the discourse on globalisation, the role of financial markets has been seen as critical. Their opaque dynamics, their seemingly random movements, and the amount of power they command, has rendered them central to the debate, ever since Susan Strange coined the term “Casino Capitalism” (Strange 1986) to describe the volatile nature of the global economic system which has replaced the economic and political order of the post-war decades. Another connection between finance and power lies in what has more recently been called “financialisation” (Epstein and Jajadev 2005, Krippner 2005). This concept refers to the growing importance of global financial markets for the non-financial parts of the economy[2]. As capital markets and

[1] From the perspective of class theory, Piketty’s thesis has however been criticized for portraying inequality purely in terms of distribution of ownership, thereby failing to address inequality as a form of social relation (see Robinson 2018: 252)

[2] A different view of the power of financial capital is held by Murray and Peetz (2012), who argue that it is not financial markets, but the ownership of large corporations, predominantly in the United States, which forms the power base of finance in contemporary capitalism.

complex financial instruments are replacing bank credit more and more as a funding source for enterprises, these become increasingly dependent on the verdicts of financial markets. Consequently, corporate strategies become aimed at financial indicators, crowding out other entrepreneurial goals.

In turn, research focusing on the top percent of the income distribution in the United States (Volscho and Kelly 2012, Tomaskovic-Devey and Lin 2011, Dumenil and Levy 2004) and France (Godechot 2012) has highlighted the role of activity on financial markets and financial capital gains as well as income from partnership in financial firms for the monetary gains of the top percent. Consequently, in both countries in recent decades financial professionals have ascended to the group of top earners previously dominated by CEOs.

While most studies examine inequality in national contexts, Atkinson (2007) points out that the concentration of wealth and income has reached the extent where it has direct global consequences, even though it occurred in only a few countries. George Soros's successful speculation against the British Pound in 1992 can be seen as an example of the power that comes with control over such amounts of money, and the global geopolitical consequences of it (Atkinson 2007). All this has made the world more unequal overall, despite the fact that incomes in less developed nations have vastly increased overall (Milanovic 2015).

However, it is not merely economic issues that are contested in the discourse on globalisation; it is also – and the examples of Brexit and the election of Trump have made this apparent as well – an issue of culture. Inasmuch as these examples highlight economic disparities between the "winners and losers", they also point to a cultural cleavage between an alliance of economic liberalism and progressive universalism on the side of globalisation, opposed by cultural nationalism and right-wing populism (*The Guardian*, 27.10.2016). While one side seemingly embraces globality, diversity, and cosmopolitanism, the other is said to build its identity on the nation-state.

From a sociological perspective, the concept through which such conflicts are usually analysed is the concept of class. As a social category, class functions as a "hinge" between the economic and the social spheres. While the precise usage varies (examined in detail in Chapter Three, pp. 42-51), class links economic positions with the wider social contexts, encompassing economic aspects such as income and wealth, as well as social features such as culture, status, and respectability. And indeed, class has made a comeback as a frame of analysis. The examples of Trump and Brexit are only the latest, since the Global Financial Crisis of 2008 and the consecutive political decisions let the contradictions of capitalism re-entered the public consciousness.

When it comes to the issue of globalisation, however, questions of class become complicated. Globalisation is often seen – particularly by its critics in popular discourse – as an external force acting upon national societies. Discourses on class, such as those in the wake of the aforementioned events, also mostly focus on the lower strata of society. Compared to research on poverty and the lives of the working class, the literature on elites and ruling classes is relatively small (Savage and Williams 2008: 2, Aguiar 2012: 17). The debate about the "backlash" against globalisation was therefore framed mostly by the issue of why the working classes *of the respective nations* rejected the position of *the "global elite"*, who are seen as dissociated from their home nation, and in turn, from society. As British Prime Minister Theresa May put it: "if you think you are a citizen of the world, you are a citizen from nowhere" (*The Daily Telegraph*, 10.10.2016).

This conflict touches on the debate in social theory and political economy about the nature of globalisation, which will be examined in Chapter Three. While political economy is dominated by comparative analyses that conceptualise societies as *contained* within a nation state and *confronted* with a global economy (e.g. Crouch and Streeck 1997, Hall and Soskice 2001, Cerny, Menz and Soederberg 2007), social theorists such as Manuel Castells (2000), Ulrich Beck (2000), Anthony Giddens (1996), and others have argued that the process of globalisation has in fact led to the formation of a *global society*. Because of its nature as a hinge category, the question of whether classes are indeed forming on a global level plays an important role in assessing whether and to what extent the globalisation of the economy has indeed brought about a global society.

Therefore, the point of departure for my thesis is the question concerning whether we can indeed speak of the formation of a global class; or: Have the economic transformations of globalisation, epitomised in the form of global financial markets, created the basis for the formation of such a group on the global level?

As it will be made clear throughout this thesis, I argue that the economic structures of the global financial markets have indeed created a global financial class.

However, there are certain theoretical obstacles to conceptualising class on a global level. My thesis is therefore organised in two parts: Part One comprises Chapters Two, Three, and Four, which lay the theoretical and conceptual groundwork necessary for an investigation into global class formation. In Part Two (Chapters Five to Eleven) I present my empirical study into the formation of a global financial class.

In Chapter Two, I discuss the predominant theories of class and ask why, from the perspective of class theory, so little attention is paid to the question whether a global economy also produces global classes. As I will show in Chapter 2.3 (pp. 31-38), the reason for this shortcoming lies in the *methodological nationalism* of mainstream class theory, which again is grounded in an undifferentiated understanding of the economy (Wimmer and Glick-Schiller 2002). I examine three approaches to class analysis identified by Wright and find them be concerned primarily with the construction of "class maps" as representations of the entire space of class positions. As a consequence, the issue of newly forming classes remains underexplored in mainstream class analysis. I proceed by looking at how these approaches fare when applied at the global level and identify the methodological problem of scalability as a main reason for the methodological nationalism of class analysis. As I discuss in Chapter Two (pp 15-41), this methodological problem is however preceded by a theoretical one: while the various approaches to class analysis identify different generative principles of class, the point of analysis sets in only after these have played out –class formation thus remains an underexplored subject in contemporary class analysis. However, within class theory, Bourdieu's field-theory approach offers an alternative. By focusing not on the economy as a whole, but on how social positions originate in specific fields and practices, the process of class formation becomes accessible.

In Chapter Three I examine the literature on globalisation. The aim of this chapter is to clarify how globalisation is understood, and to comprehend why the issue of global classes is neglected within the discourse on globalisation. An important aspect in the debate on globalisation is the question of whether it emerges from the interplay of sub-global actors, who pursue their particular interest at the expense of others; or whether indeed a form of global sociality – and with it, genuinely global actors – have emerged. While the advocates of the former position maintain a state-centred conception of economies and societies, thus precluding *ex ante* the idea of global class formation, globalist social theory understands globalisation to be a social form determined by technology and individualistic economic rationality. This facilitates an understanding of globalisation as a break with the social forms of industrial capitalism, the latter of which sees class as a residual category not pertinent to global society.

However, as I show in Chapter Four, there are other attempts of investigating global classes. Here I proceed by examining these attempts: the individual attributes approach presents a problem of scalability, since the space of class-defining variables is too diverse on the world scale. However, the empirical data generated through this approach points towards a small group at the top of the global social structure which might form a global class. Similarly, the Marxist approach to the economy has generated the thesis of a transnational capitalist class, centred on organisational hierarchies and their positions of control. The focus of the Marxist "Transnational capitalist class" (Robinson and Harris 2000, Sklair 2001, Carroll 2010, Murray 2006) thesis lies therefore on organisations as instances of globalisation. Bourdieu's theory of class has been utilised for the analysis of global class structures as well – however, only partially: while his capital theory has been employed to augment arguments in the discourse on the TCC, other features of his theory have been incorporated in research on "migrant middle classes". Both cases however only adapt partial aspects of Bourdieu's theory, and neither deals with the fundamentals of class formation, i.e., markets, on a global level. While the TCC thesis and the use of parts of Bourdieu's conceptual apparatus point in the direction of how to research global class formation, the existing literature only goes "half way" because it does not offer a satisfactory, generalisable theoretical model.

I conclude the theoretical component of my investigation with the assessment that the research of global class formation requires a fresh look at how class should be conceptualised, going back to the question of how a class constitutes itself as a group. While many approaches to class focus on markers such as the distribution of income, or authority in the workplace, I follow the arguments of Pierre Bourdieu, who advocated for taking common engagement in a specific social field as the basis for class formation. Therefore, a global social field can form the basis for the formation of a global social class.

In Chapters Five and Six I present the design of my research project. It consists of an institutional analysis of the financial centres of Frankfurt and Sydney, and a qualitative interview study among financial professionals from those cities. I argue that the best way to render the categories of class formation visible is through a reconstruction of the careers of financial professionals against the backdrop of two cities with historically different development paths and distinct institutional arrangements.

That financial markets are such a global social field is made clear in my discussion in Chapter Seven. Financial markets are central to the process of globalisation, and their functioning is founded on shared practices of the market participants. I analyse the process of financial globalisation through the practices that form the field and the institutions sustaining them. I show how the field has transformed over the course of the twentieth century, from a nationally embedded field to a global field. The reason for this transformation is to be found in the evolution of the dominant practices, i.e., the rise of investment banking *vis-à-vis* traditional forms of bank-based lending. This change in practices and institutional structure leads to processes of financialisation (Krippner 2005; Epstein and Jayadev 2005), which in turn changes the economic foundations of the class structure, and thus leads to the formation of a global financial class. This process of class formation is based on the propagation of investment practices, which change economic power relations in favour of financial professionals, who now occupy a central role in the power relations sustaining global capitalism.

In Chapter Eight I examine how these institutional forms and practices vary in the aforementioned two financial centres. While Chapter Six takes a "globalist" approach, this chapter takes a comparative one, thereby triangulating my research. I find that national variations and path-dependencies do exist; however, they do not conform to the assumptions of mainstream political economy. Instead I show how the principles of global finance articulate themselves in different national contexts, producing an interplay between the globalist core and nationally specific institutional forms of finance.

In Chapters Nine and Ten I analyse, as a third pillar of my research, the interviews with proponents of the suspected global financial class regarding their work biographies. I begin by reconstructing the work trajectories of financial professionals in investment banking, again comparing Sydney and Frankfurt. The reconstruction of these trajectories serves as an access point to the social structure of the field, given that it allows me to identify instances of social closure and the relation of global and local aspects in the field. I proceed by analysing my findings in the categories from my theoretical model – the utilisation of the three forms of capital, the *doxa*, and *habitus* in their global, respectively local aspects.

PART ONE: Perspectives on Globalisation and Class Formation

In Part I of my thesis I focus on existing approaches to class formation on the one hand and globalisation on the other, and why they cannot fully account for the possibility of global class formation. I do so in three main steps.

Firstly, in Chapter Two (pp. 15-41), I scrutinise existing approaches to class formation, contending that, as predominantly nation-state-based theories, they do not allow for a global class formation. In a second step (Chapter Three, pp. 42-51), I look at theories of globalisation, arguing that class as a topic has either disappeared or is based on the idea of national economies, thereby relegated to the nation-state level. In a final step (Chapter Four, pp. 52-64), I examine previous attempts at conceptualising class on the global level and find that the gap in conceptualising the formation of a global class that comes out of Chapters Two and Three is not addressed by those sufficiently either. I argue however, that this gap can be bridged with the aid of Bourdieu's economic field theory, which I then establish empirically in Part II of my thesis.

2 Class Formation: Stuck in National Economies?

This chapter examines theories on class formation “as we know it”, which is mainly conceptualized on the basis of national economies. I start by looking at the origins of the concept of class in order to show that they are built on economic dynamics, irrespective of the scale of the economy. Class theory therefore should be able to conceptualise global class formation. However, Section 2 discusses more contemporary approaches to class formation, and shows how methodological nationalism came to be built into current conceptualisations of class. I identify the building blocks of class theory, which have hitherto created a blind spot hiding global class formation, despite the globalisation of the economy.

In the broadest sense, the question all forms of class analysis try to answer is, as mentioned in the introduction to this thesis, the question of inequality, of income distribution and power: the “why” and “how” of “who gets what” in society. The social category of class therefore acts as a hinge between the economic realm of material exchange, and the social world in which inequality manifests. In consequence, theories of class have to mediate between economic, political and cultural modes of analysis.

I start my investigation by examining the roots of the concepts of class, which defines the two starting points for class analysis: for Max Weber, it is the dynamic of the market economy that gives rise to economic inequality in the form of classes. Weber’s conceptualisation differs from the older, more prominent one of Marx, who emphasises the position in the productive process; that is the divide between owners of capital and workers. While for Weber, class remains a category in the background of social life, Marx highlights class as a defining characteristic of life in industrial societies, made salient not only through different economic outcomes, but as a power structure anchored in the division of labour. I argue that both of these starting points do not preclude an investigation into global class formation; indeed, they suggest rather that a global economy *should* produce global class formation. However, in the theoretical framing of markets and firms in contemporary approaches to class, I identify a set of obstacles which need to be overcome to proceed with my enquiry.

2.1 Origins of the Concept of Class

The classical divide in the discussion of class is the one between Marxist and Weberian approaches. All modern forms of class analysis reference one or both of these authors as a departure point from which to conceptualise class formation. While a lot has been written about both approaches, and the relations between them (e.g. Sayer 1991, Löwith 1983, Wright 2015: 21ff), my aim in this section is not to contribute another exegesis of their relationship, but rather to examine their differences regarding the relationship of class, the economy, and society, in order to render their contributions more relevant with regard to conceptualising class in the age of globalisation.

For Marx, the defining moment of one's position in society is the question of whether one is forced to sell one's labour power, or whether one owns enough land or other capital to buy the labour power of others. The root for Marx's privileging of the role of capital and labour lies in his economic theory, as laid out in *Capital* and *The Communist Manifesto*. The Marxian labour theory of value states that profit in capitalism is generated through the exploitation of labour. Capitalists pay workers the market price for labour, which is set at the costs of their reproduction. The goods that are produced through their labour, however, are sold at their market price. Since the cost of production is defined by capital costs plus the costs of labour, the value of labour embodied in the produced commodity is higher than the price paid for it to the worker. The difference between the production cost and the price of the final product, called surplus value, is appropriated by the capitalist as profit. Only through this exploitation of labour – that is, paying workers only the cost of their reproduction and not their full share of the marked value of the goods they produce – can surplus value be generated, and capital accumulated. Capital therefore is more than a substance; it is, rather, a "social relation".[3] Therefore, one's position in the labour market as a buyer or seller of labour power is decisive for one's class position in society (Marx and Engels 1968 [1848]: 38ff, 180ff).

This puts capitalists and workers in direct conflict with each other. In Marxist terms, this is the fundamental driver for class formation. Hence, the relationship of objective, antagonistic interests common to all members of each class lays the foundation for a polarised two-class society. For the Marxist tradition, the antagonistic economic constellation between classes is an "objective condition", which predefines the political and cultural forms of classes, and subsequently, history and society as a whole.

This social relation however is not just an abstract effect of markets. It not only manifests in markers of distribution, such as wealth and income, but also in the hierarchy of the workplace.

[3] This is of course only a very curtailed representation of the labour theory of value. I refrain here from discussing Marx's commodity theory, concepts like "alienation", "exchange value" or "use value" and its other intricacies, as this would lead too far from the modern discussion about class, which is the subject of this thesis.

The authority of owners and managers over workers and employees extends the experience of class beyond the abstract dynamics of the market. Class is rather an everyday experience of power and powerlessness, embodied in the organisational division of labour.

Class and class antagonism are thus defining features of the "structure" of capitalist society, from which other social phenomena emerge, most importantly the organisational form of firms and the state as the political "superstructure" which sustains and mediates the economic conflict between classes through the institutions of politics and law.[4]

From this antagonistic class relation, based on the exploitation of workers, also stems another important systemic imperative: because workers are only payed a minimal amount, their demand for products is necessarily restricted. The imperative of accumulation – to sell more goods – thus puts the bourgeoisie in a permanent state of competition. This competition leads to the imperative of an ever-growing market, if accumulation is to be sustained. In the words of Marx: "The need of a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe. I must nestle everywhere, settle everywhere, establish connections everywhere" (Marx and Engels 1968 [1848]: 38). Out of the conflictual nature of capitalism arises therefore a need to globalise.

Weber, on the other hand, conceptualises class not exclusively in relation to the labour market and the ownership of capital. At the centre of his definition of class lies the "typical probability" of procuring goods, positions and "inner satisfactions" of people, which "derives from the relative control over goods and skills and from their income producing uses within a given economic order" (Weber 1968 [1922]: 302). For Weber, a class position is the position shared by individuals with similar life chances. In contrast to the Marxian conceptualisation, class therefore refers not only to the position in the production process, but rather describes one's position in the complex set of overarching economic engagements. In a capitalist, market-based economy, these life chances are distributed by markets, and the outcomes are dependent on the resources that individuals bring to them. Unlike Marx, Weber acknowledges the variety of assets this possibly entails, from various skills and knowledge, to different forms of property. In consequence, the possible combinations of positions in markets, what he calls "economic classes", are great in number, and the position a person occupies is likely to change over one's life. He therefore regards what he calls "social class" as more relevant for empirical analyses. Social classes are aggregates of economic classes, "within which individual and inter-generational mobility is easy and typical" (Weber 1968 [1922]: 302).

[4] The debate about the relationship between class and the state is a complex and multi-faceted one which cannot be dealt with here. Similarly, it is with regret that only a summary of the Marxist debate may be included.

Unlike the writings of Marx, class occupies a relatively peripheral place in Weber's work. While class is the central line of social division for Marx, Weber situates class as economic inequality among other dividing lines in society: namely, the symbolic order of status groups and the political organisation of parties.

For both Marx and Weber, class is foremost an order of "places" in society which assigns individuals with social positions. As such, classes can be the basis for collective action. Marx conceptualises this transition from a state where people are merely occupying a specific structural position to them taking collective action on the basis of this position ("class-in-itself to class-for-itself") as a realisation of the objective antagonistic order of capitalism, and class conflict as the driver of historical change. The teleology of Marxist historical materialism, which results from a structural reading of this analysis, is obviously problematic. Leaving the historical determinism of orthodox Marxist thought aside, the important insight here is that the organisational form of the economy and society is subject to change. While the economic forces of capitalism appear as "objective conditions", leading to the formation of a class society, they are historically contingent. The market economy, in other words, is not a fixed, trans-historic entity; it is rather a social relation, and as such is open to intervention by social actors.[5] The formation of classes therefore denotes more than a change in the distribution of wealth and income – it is tied to changes both in the economic process and in political conflict.

Weber in contrast is much more sceptical about the prospects of collective action based on class interests. He argues that such action is more likely when the class in question also forms a status group, which he exemplifies with the case of unqualified, property-less workers on the one hand, and "positively privileged property classes", such as landowners, on the other; the underlying reason being that the economic situation of such a group is easier for its members to recognise than for the middle classes, who may not own property, but are positively privileged in terms of skills, and therefore may conceive of themselves as possessing a higher status than their economic power alone would show. Whether a class displays class consciousness is in Weber's words "linked to general cultural conditions […] and especially linked to the transparency of the connections between causes and consequences of the class situation" (1978 [1922]: 928f). Weberian class analysis is therefore less concerned with classes as political actors or subjects of historical change; instead it is aimed at investigating the inequalities arising from the market economy. This does not mean that the market order is taken for granted; it means simply that Weber's writings on the political economy of capitalism focus

[5] For an overview on current debates on agency in historical materialism, see for example Maher (2016).

more on the multiple factors of historical change such as the roles of ideas and ideologies, with political parties as their carriers (Breen, 2005: 33f). Weber sees the market order, and therefore class-based inequality, as a result of the historical process of the rationalisation of society. Hence class primarily "designates highly rationalized social relations that govern the way people get access to and use material resources" (Wright 2015: 17).

Rationalisation as a feature of modernity is not limited to markets. In the sphere of the state, as well as within economic organisations, rationalisation is asserted by establishing bureaucratic forms of domination. Whereas for Marx the connection between the economy and the legal rule of the state is founded on the need to mediate, reproduce and legitimise antagonistic class relations, for Weber the relationship between class-based inequality and the rationalised, bureaucratic forms of the state and the firm as forms of domination is one of a complementary development in the process of modernisation (Sayer, 1991: 91ff). As in the Marxist debate about historical change, the question is to what extent the processes responsible for the formation of classes are "objectively" determined. While Weber portrayed rationalisation famously as a compelling social force in itself, an "iron cage", its establishment nevertheless requires agency, and "has been to a large extent determined by non-economic events and actions, including those outside everyday routine" (Weber 1968 [1922]: 70). This again points out the malleable and historically contingent nature of the economy.

This short review of the two classical sources on class formation illustrates the different approaches to class which still influence current debates. Understanding class as "sets of structural positions" in society, "empty places" existing independently of the people occupying them (Sørensen 1991: 72), does not help to distinguish these positions, or to answer the question of how classes form, or what significance to assign to them. This classic controversy between Marxists and Weberians – regarding whether the direct and exploitative relationship within economic organisations ("on the shop floor") or the "rational" order of the market should be taken as a point of departure for an analysis of class formation – is deeply connected not only to normative positions about the moral nature of the capitalist economy, but also about the question of how this economy operates. This issue in turn cannot be separated from ontological and epistemological debates about the very nature of society.

What can be taken from Marx and Weber then is, firstly, that the fundamental dimensions of class go beyond mere inequality in material endowments. While income and wealth serve surely as the base indicators for social position, the question remains as to how they relate to power and status. While for Marx, class division is foremost one of power, specifically the power of capitalists over workers, for Weber, class divisions signify a differentiation in the ability to attain social positions and realise potentials and possibilities. In a Weberian conception of class, power is rather a “power to” than a “power over”, and a consequence of market exchange, not its fundamental principle. Secondly, what follows from this is that an examination of the formation of classes is inseparable from social *and* economic theory about the causes and consequences of this inequality and the underlying models of social action. Class analysis and its conceptual apparatus therefore should not be concerned only with how to measure economic inequality most accurately – they also hinge on the economic and social theory they employ. As I will show in the following sections, the question of how economic and social theory is deployed is crucial for the theoretical visibility of class formation in times of economic and social change.

In the following section I will scrutinise contemporary approaches to class analysis with regard to their theoretical foundations.

2.2 Contemporary Approaches to Class Analysis

In the previous section I reconstructed the Marxist and Weberian approaches to class and identified positions on markets and the organisational division of labour as the two classic starting points for theorising class formation. Further, I argued that the theoretical visibility of class formation hinges on the economic and social theory employed in the analysis. Now, in order to proceed in answering the question of whether global class formation is happening and “what it looks like”, I will examine contemporary approaches to class in order to assess their usefulness for the analysis of class formation on a global level.

Current approaches in class analysis generally share the aspiration of giving a full and systematic account of existing classes and class relations. The various approaches rest on distinct combinations of theoretical and methodological assumptions, which form respectively different logics of reasoning about class and therefore need to be considered in relation to each other. Hence in the following section I orient my discussion of the extensive contemporary literature on class with the help of the ideal-typical modes of class analysis identified by Erik Olin Wright (2005, 2015), whose overview attempts a systematisation of the logics of reasoning of the various approaches. As ideal-types, these modes of class analysis describe the logic of how class is studied. However, as Wright himself admits (2015: 2), not every study conforms neatly to this taxonomy. Despite this, and the fact that Wright does not engage with the work of Pierre Bourdieu and many others,[6] I nevertheless consider this "toolbox" of class analysis a good starting point for examining the potentials of the various modes of class analysis for a deployment on the global level.

Wright (2015: 1-18) distinguishes three general modes of conceptualising class: the "individual attributes" approach of standard socio-structural research; the Weberian approach to class as "opportunity hoarding"; and finally, the Marxist approach of exploitation and domination. A fourth approach, which is widely used in contemporary class analysis but largely ignored by Wright, is the approach of Pierre Bourdieu. Since Bourdieu aimed at a reformulation of the problem of class, bridging the divide between Marxist and Weberian approaches (Bourdieu 1979: 97ff, 1985: 731ff), I include him in my study.

I continue by examining these four contemporary approaches in terms of their theoretical underpinnings, with special regard to their assumptions towards the economy and the state (see Table 1-1).

2.2.1 Class as Individual Attributes

The first mode of analysis is termed the "individual attributes approach" (Wright 2015: 3ff). At the core of this approach lies the investigation of the relationship between an individual's attributes and the material conditions of life. Attributes such as, first and foremost, education, skills, and income, but also cultural preferences, social connections and individual motivations, shape as resources an individual's chances and choices in the market economy. This refers most importantly to getting jobs and the attached material compensation. Class formation in this instance is defined by the clustering of certain attributes with similar outcomes in terms of material conditions of life. The main focus therefore lies in how these attributes are acquired and valuated by the labour market.

The methodology employed in this approach involves sorting individuals into a set of groups. These are identified based on a similarity between and across material conditions, and attributes determining these conditions. As a result, this approach generates classes as "clusters" of people with similar attributes and life conditions on a gradual scale, such as upper-, middle- and lower class. The precise outcome therefore depends on the considered attributes and the

[6] Besides Bourdieu, another important omission by Wright in my opinion is the work of E.P. Thompson, who refused general theories of class and instead argued that classes come into existence by defining themselves as such. This "performative" theory of class finds an echo in Bourdieu's praxeology; however, it is not addressed as such in this thesis, as including Thompson's work also goes beyond its scope.

scale of application. As such, this approach is agnostic about the scale and nature of the economy and the state. It relies methodologically on representative sample surveys, which are usually collected within the purview of a nation-state. The resulting “class map” represents a gradational scale of classes as self-contained groups of people with similarly distributed assets within a given frame of analysis.

Mode	Mechanism of Class Division	Process of Class Formation	Typical Methodology	Relation to the economic	Relation to the state
Individual Attributes	Allocation of individuals to social positions (Sorting by the labour market)	Acquisition of skills & assets	Distribution of individuals in a set of variables	Class as outcome of market-based distribution (non-relational class concept)	State as “container” of statistical universe (non-conflict)
Opportunity Hoarding	Credentialing, licensing, property rights	Social closure (inclusion-exclusion)	Institutional analysis	Class as distortion of market processes (relational class concept)	State as provider of institutions (conflict optional)
Domination and Exploitation	Economic relations, relations of production	Conflict, “Ontological promotion”	Political-economic analysis	Class as structure of the economic (relational class concept)	State as provider of institutions and arena of struggle (conflict-driven)
Bourdieusian Class Analysis	(Cultural) practices, dispositions, forms of capital	Distinction, Conflict	Correspondence analysis, Qualitative analysis	Economic practices as culture (relational class concept)	State as provider of institutions and arena of struggle (conflict optional)

Based on Wright (2015: 1-18), edited and expanded upon by the author.

Table 2-1: Modes of Class Analysis

By limiting itself to an analysis of distributions, this approach externalises many critical issues around the social reality of class and class division, especially the crucial question of the relation of class to power, and largely ignores the issue of actual class formation – in other words, it identifies classes solely as “empty places” within a distribution of variables. It is therefore seldomly applied by itself. An example for an analysis operating on the basis of market situation is for instance the Erikson, Goldthorpe and Portocarero-class scheme (short “EGP”) created by the team around John Goldthorpe (e.g. Erikson, Goldthorpe and Portocarero

1979, Erikson and Goldthorpe 1992). It groups occupations initially into classes by the skills they require and the work conditions they entail, such as income, job security and chances of advancement, as indicators for the "market situation", which is thought to determine life conditions. However, since the mere depiction of market situations is in itself deemed to be of very little explanatory value, the EGP-approach adds relational components to its analysis, removing it from Wright's ideal type of an "individual attributes" logic.

In the EGP-scheme, the necessary distinction between the owners of the means of production as employers, and those who are hired into occupations, establishes an organisational relationship between classes in the form of the employment contract. Among the latter, class positions are distinguished further by their degree of "asset-specificity", referring to the extent to which a job requires specific skills or knowledge. If a job requires specific skills, the worker is not easily replaceable. The employer faces the challenge of how to retain the employee, while the employee exerts simultaneously a greater extent of autonomy, since complicated work is harder to monitor, creating a classic principal/agent problem. In such instances, Erikson and Goldthorpe (1992: 42) speak of the contractual employment relationship as a "service contract", since it abstracts from specific tasks and is geared towards ensuring the long-term loyalty of the employee. However, if the employee is easily replaceable (for instance, because the assigned task does not require special skills), monitoring the work process becomes easier as well, since the work output is immediately observable. In such situations, Erikson and Goldthorpe speak of a "labour contract", since it is concerned with discrete amounts of work and usually does not include long-term incentives (Breen 2005: 38). What results is a "class map", determined by the separation of "service classes" from "manual working classes" and owners of enterprises.

The conceptualisation of class relations and hence class formation in the EGP schema remains quite rudimentary in comparison to other approaches, as it is limited to the employment contract. Also, collective action only features as the difference in bargaining power vis-à-vis employers between skilled and unskilled workers, placing the mechanism of class division firmly in the realm of the market, while retaining a link to the state as the provider of the legal framework regulating employment contracts. This poses an obvious obstacle for employing such an approach on the global level, as employment regulations differ from country to country, and also largely sidesteps an analysis of the actual form of economic action – a point I elaborate in section 2.3. However, the EGP-scheme is regularly deployed in international comparisons. Notwithstanding its market-centrism, the EGP model represents a transition towards the second mode of class division identified by Wright (2015: 6ff), which he calls "opportunity hoarding".

2.2.2 Class as Opportunity Hoarding

The 'opportunity-hording' approach expands on the individual-attributes approach by adding the question of power relations between classes. Following the individual-attributes approach, class formation is merely an outcome of labour market dynamics. In addition, the opportunity hoarding approach investigates the non-market mechanisms that not only drive the formation of classes but also enable them to maintain their position vis-à-vis other classes. Building mainly on the work of Weber and his notion of social class, this adds to the picture the dimension of classes as collective actors, and includes the requirement of recognising the "real conditions and the results of the class situation" (Weber 1978 [1922]: 929) and enabling the development of social, cultural or organisational "collectivities" in the pursuit of their economic interests (Wright 2000a: 221). Such collectivities can be common cultural markers, or may take organisational forms such as professional associations or trade unions.

The dynamics of enabling or maintaining class formation originating from those collectivities, such as "social closure" (Parkin, 1982) or "rent-seeking"[7] (Sørensen 1996, 2000) interfere in the "rational" working of the market, producing a causal relation between the privilege of one class and the disadvantage of another. The paradigmatic example of social closure is found in many educational systems, where factors such as tuition fees or cultural accessibility restrict the lower classes' access to academic credentials, translating into advantaged positions for the upper classes in the labour market. In contrast to the individual-attributes approach, this mode of analysis conceptualises classes not as independent statistical entities, but in relation to each other. Sørensen (2000) argues that such mechanisms are based on the attempt to generate "rents" from the control over certain (material or immaterial) goods by controlling their supply – for example, in the case of professional associations limiting access to their position by restricting the number of possible applicants for the required credentials for a job position. This is not limited to privileged classes. He contends that, for instance, trade unions, which structure the labour market through collective bargaining – thereby limiting the competition among workers – also engage in rent-seeking behaviour against the capitalist class. Wright (2015: 7), echoing Weber (1978 [1922]: 928), argues however that perhaps the most important mechanism of opportunity hoarding as a mode

[7] Sørensen's concept of rent-seeking is in fact intended as an attempt to salvage the Marxist notion of exploitation by reconceptualising it without recourse to the labour theory of value. However, the concept of rent-seeking is entirely focused on market positions and dispenses with the aspect of direct control, the position of the capital-labour antagonism as the central social conflict, and also with the theoretical necessity of class polarisation. It is therefore closer to a Weberian class schematic than a Marxist one. See Sørensen (2000) and Wright (2000b).

underpinning class formation is private property rights, especially with respect to real estate and the means of production, as they restrict the ability of non-owners to sustain themselves regardless of their professional position.

These examples show that the factors producing economic inequality in the form of a class society are not limited to the economic. They are often enacted and legitimised by the state through laws and regulations. However, while the mechanisms of opportunity-hoarding are themselves not seen as economic in nature, because they are based in another social sphere, such as law, politics or the education system, they seek to influence market processes. Therefore, along with the analysis of the distribution of class-relevant attributes, this approach builds methodologically on the examination of the institutions sustaining class division. This means its applicability for the question of global class formation hinges on the identification of such institutions on a global level. Therefore, its application to the question of whether economic change entails the formation of new classes is therefore limited – again, the focus of this mode of analysis is on classes as positions, not their formation as social actors.

2.2.3 Class as Domination and Exploitation

So far, I have identified two modes of analysing class formation, namely individual attributes and opportunity hording. The third, to which I now turn, looks at class from the viewpoint of 'exploitation and domination'. It originates in the Marxist tradition and thus differs from the other two approaches in its analytical stance towards the economy. It does so by locating the principle generating economic inequality not in market exchanges, but in the social relations of production. In contrast to the opportunity-hoarding approach, the conflict between classes is not seen as based in one class securing an advantage over the other, but by one class *controlling* the activity of the other in order to sustain their own position. While market transactions – in spite of the interference of processes of social closure – are in principle transactions between (formal) equals, the class-as-exploitation approach shifts the focus towards the exploitative relationship constituted by the power relations between owners of capital and workers in the workplace.[8] Consequently, whereas the individual-attributes and the opportunity-hoarding approaches can easily identify multiple, gradual differentiations between class positions as market outcomes, class formation on the basis of the exploitation-approach is

[8] Wright (2000a: 9ff), like Sørensen (discussed above), dispenses with the labour theory of value, but insists on being part of the "Marxist tradition" and upholds therefore exploitation as containing the "appropriation of the fruits of labour" by the capitalist class, resulting in a de-facto polarised class schematic.

concerned with a single, defining cleavage in capitalist societies, resulting in a polarised class structure between capitalists and workers. Middle-class positions in this approach are defined by their relation to this conflict. Managers, for example, are not necessarily capitalists themselves, but nevertheless exert control over others. Highly-skilled professionals on the other hand often have sufficient control over skills and knowledge to achieve a certain amount of autonomy from domination, reducing the degree to which they are exploited (Wright, 2015: 11).

The most contentious aspect of this approach to class formation is its normative implication. John Goldthorpe (2000: 1574) argues that exploitation is a word which he would "gladly see disappear from the sociological lexicon", because its only purpose was the fusion of analytical and normative claims. The concept of exploitation goes beyond the mere use of power included in the opportunity-hoarding approach. The direct *economic* conflict at the centre of this approach renders class conflict a zero-sum game: not only is the position of the dominating class dependent on the subordination or exclusion of other classes; additionally, all improvements in the position of one class come necessarily at the cost of the other. The Weberian approach to class is not blind to questions of normative justice either; however, these are framed in terms of interference with the meritocracy of the market – after all, markets are thought to be "rational" mechanisms of distribution. For the Weberian approach, the question of "who gets what in society" is a question of distributional outcomes. For the exploitation approach the normative fault-line precedes the market situation and predetermines society as a whole. Consequently, the normative accusation of exploitation is not directed towards distributional outcomes, but against the social logic of capitalism itself, which is ultimately the driver behind class formation.

I want to stress that this approach ties the reasoning about class even closer to the state than that other approaches. Because capitalist society is seen as founded upon the antagonistic relationship between capital and labour, the role of the state is conceptualised almost exclusively around this conflict. While Marxist state theory has produced a long-standing discourse, and contains many varieties, which differ significantly in their precise assessments about various aspects of the state, in the end the state is thought to uphold the capitalist order through its laws, by means of ideological obfuscation, persuasion and, ultimately, violent force. A common feature of all strands of Marxist theory is the assumption that the state and the market are not, as in Weberian lines of thought, separate entities, but instead are both "discrete but related forms of the expression of social relations under capitalism" (Bieler and Morton 2003: 472). Methodologically, the state therefore occupies a pivotal role in Marxist class analysis as the observable, political form of the struggle over the relations of production, regardless of whether the specific brand of theory focuses more on the state's oppressive and controlling aspects (see, for instance, Athusser and Balibar, 1970) or conceives of it as an arena for negotiation of class conflict within – or even the challenging of – the capitalist hegemony (for instance Cox 1987, or Jessop, 1990). This strong role of the state presents a conceptual obstacle against deploying this approach on the global level. Nevertheless, the Marxist approach has produced a theory of global class, which I will discuss in Chapter 4.2 (pp. 57-60).

2.2.4 The Class Analysis of Pierre Bourdieu

The fourth mode of analysing class formation differs fundamentally from the previous three identified by Wright. Developed by Pierre Bourdieu between the 1960s and his death in 2002, this approach to class brakes with many assumptions common to the field. While this renders Bourdieu an outlier in the eyes of Wright, his work has nevertheless been hugely influential in studies of class and is central to the argument presented here.

At the start of Bourdieu's endeavour lies the aim to bridge Weber's opposition of class and status (*Stand*). While for Weber this opposition signifies two separate logics of inequality, Bourdieu maintains that symbolic inequality in the form of cultural expression or lifestyle, and economic inequality in the form of class, were causally connected (Weininger 2005: 84). He is therefore generally seen as a proponent of the "cultural turn" in class analysis.

A major divergence between Bourdieu and the other approaches to class formation lies in his rejection of an *a priori* theorisation of class structures. For him, "the question with which all sociology ought to begin" is "the existence and mode of existence of collectives" (Bourdieu 1991: 250). He argues that the drawing of boundaries between social entities, such as classes, is fundamentally a form of political conflict, which should be kept separate from scientific analysis (Bourdieu, 1991: 246). He therefore objects to the supposition of the central capital-labour antagonism of Marxist theory as an axiomatic point of departure, as well as to a purely statistical model of class formation based solely on market distribution. Instead, he aspires to uncover the *social practices* that constitute the boundaries between classes, rather than defining them on the basis of theoretical conjecture (Weininger 2005: 85). Consequently, and in contrast to the modes discussed so far, his theoretical approach is not one of defining classes *ex ante* as "empty places"; instead, it is explicitly geared towards the *possibility* of class formation. To reiterate this, Bourdieu is open to concepts such as social closure or exploitative social relations from the Weberian and Marxian traditions, however with the caveat that they cannot be seen ex ante as the exclusive conditions for class formation. Rather, the specific form of how boundaries are drawn and how social relations (which might be exploitative) are shaped is to be established within the specific context in question.

His conceptualisation of social structure is centred on the construct of *social space*, understood as a "social topology […] of relative positions, and of the objective relations between these positions" (Bourdieu, 1989: 16). Classes can firstly be distinguished as groups of people taking up similar individual positions in the social space. These positions stretch along three axes, synonymous with the distribution of certain properties; the "forms of capital". The positions along these axes vary firstly according to the overall volume of capital, and secondly along the composition of its forms. A third axis is defined by the *trajectories* of the incumbents of specific positions – that is, by the change or stability they experience in the volume and composition of their capital over time.

Fundamentally, Bourdieu distinguishes three forms of capital crucial for class formation: economic capital, in the form of money or property; social capital, "the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition" (Bourdieu 2002: 286); and cultural capital in its embodied, objectified and institutionalised states. Embodied cultural capital is understood to take the form of learned, "long lasting dispositions in the mind and body", while objectified and institutionalised cultural capital denominates cultural possessions either in the form of objects (books, works of art, and the like) or in the form of educational certificates, which formalise the embodied competences and makes them comparable (ibid.: 285). These capitals are put to work on *fields,* where additional, field-specific capitals may come into play.[9] The stocks of capital serve as resources in the competition over status goods and distinguished practices in those fields.

Fields add further dimensions to the social space. They are specific "social microcosms, i.e., spaces of objective relations that are the site of a logic and a necessity that are specific and irreducible to those that regulate other fields" (Bourdieu and Wacquant 1992: 95). As such, they are the product of a historical process of differentiation. They are centred around a set of *practices*, such as for example education ("the educational field", Bourdieu 1994), arts ("the field of art", "the field of literature", Bourdieu 1993) or economic exchange ("the economic

[9] In his study of the French housing market (Bourdieu, 2005) for example he also uses the notions of technical, educational, bureaucratic and informational capital to describe the positions and relations of firms and homeowners within the field.

field", Bourdieu 2005), and therefore bear some resemblance to the functionally differentiated social systems as for instance in the systems theory of Niklas Luhmann (Luhmann 1982, discussed in Bourdieu and Wacquant 1992: 102f). However, Bourdieu rejects the notion of a systemic imperative behind functional differentiation; rather, the genesis of fields is conceptualised as a political struggle over the autonomy of a set of practices by the actors constituting and reproducing a field. As such, fields are subject to historical change and are defined by struggles about their autonomy, their content, and the scope of their rules, internally as well as vis-à-vis other fields. A field is structured – analogous to the social space of all class positions – via the objective distribution of capital in its various forms among the "agents" in the field, and through the perception of the value and subjective differentiations, the agents themselves assign to this distribution, i.e. the common world-view, or *doxa* of how the various forms of capital should be assigned and valued. As Weininger (2005: 95f) points out, "the concept of field is intended to foreclose an overly structuralist interpretation of social space – that is one in which the individuals who 'occupy' the various positions are reduced to the role of 'bearers' of the structural relations that are encapsulated in them".

The aspect which actually invites such a structural reading of Bourdieu, and which is the most contentious entry in his conceptual arsenal, is the one of *habitus*. The habitus is the "incorporated set of dispositions" which mediates between the class position and the practices in which the class engages. As such it is formed by the experience of the life conditions, a specific volume and composition of capital and the connected trajectory. However, it does not mechanically predetermine all social behaviour; rather, as a set of dispositions, it influences actions on a pre-reflexive basis, "without recourse to conscious reflection on rules or estimated outcomes" (Weininger, 2005: 91). It functions therefore as an indirect causal link between the position in social space and the social practices in fields. Bourdieu sums up this core of his social theory with the formula "*[(habitus) (capital)]+field = practice*" (Bourdieu 1984: 101), delineating the multiple interdependencies between his central concepts.

Class formation in Bourdieu's sense can therefore be approached in two ways: firstly, by identifying a group of people in similar positions within the three-dimensional coordinate system of social space. Positions in the social space are however hardly discrete, since the composition and volume of capitals operates on a gradual scale. This allows on the one hand for a multiplicity of possible class positions; on the other hand it raises the question of boundaries between classes. Since the location on the axes of social space is *per se* a constructed one, Bourdieu speaks of classes delineated in this fashion of "classes on paper" (1985: 725). In order to be able to speak of social classes, they have to be "constructed" as social groups through political labour; that is, in acts of mobilisation, representation and articulation, by actors themselves in the fields. For Bourdieu, a social class exists when “spoken-on-behalf-of” (Bourdieu, 1987).

Social space consequently has objective as well as subjective properties, both of which have to be explored to gain insight on what forms of social inequality exist and how they are produced and re-produced. In this sense, the study of classes in itself matters as a means of understanding mechanisms of inequality:

> In other words, the objective delimitation of constructed classes, i.e., of regions of the constructed space of positions, makes it possible to understand the principle and the efficacy of the classificatory strategies by means of which agents seek to conserve or modify this space, in the forefront of which is the constituting of groups organized with a view to defending their members' interests. (Bourdieu 1985: 734)

Subsequently, the notion of class is two-fold: on the one hand, it is a construct that is created through the perspective of the scientist examining it, as well as through the agent who is assigning himself to it in order to defend or improve her position. Class formation is therefore above all an act of construction. On the other hand, this symbolic act of construction has an objective effect on the structuration of social space, i.e. the valuation of capitals and practices in the fields. While the order of class may well be a primarily symbolic order, and therefore altered through “class struggle”, it always has an objective, material effect.

This renders Bourdieu’s approach very challenging in terms of methodology. The pivotal role of the symbolic, of the analysis of practices, of the production of meaning, and the construction of boundaries is seemingly an invitation for qualitative methods. Simultaneously, Bourdieu developed his own quantitative method, multiple correspondence analysis (MCA), to map positions and their relations across multiple dimensions, and encouraged “methodological polytheism” (Bourdieu and Wacquant 1992: 30), bringing various perspectives on a phenomenon into conversation with each other, and ultimately developing an undogmatic methodological approach with the primary concern: that it gets as close as possible to grasping the “totality” of the social world containing the research subject (26ff).

2.3 Discussion: Synthetic Positions, Divergences, and the Problem of the Global Frame

Through their different ways of conceptualising class, these four approaches highlight specific aspects in the generation of inequality in modern society. While they originate in distinct theoretical and methodological traditions, neither the respectively identified mechanisms nor the social and political insights generated by them are mutually exclusive. In a pragmatic view, there is for instance no necessary contradiction between the generative principle of "social closure" as a means for middle classes to protect their social positions, and the existence of the capital-labour antagonism as a central social conflict producing different, interacting class divisions. The individual-attributes approach can augment this picture by identifying what factors in a person's life are decisive for achieving a specific social position. Wright (2015: 12ff) thus argues for a pragmatic combination of the individual-attributes, opportunity-hoarding and exploitation approaches, since such a combination helps to overcome the specific deficits of the singular approaches – for example, the issue of locating the middle classes in a Marxist framework, how to integrate political power and conflict in a Weberian model, or how to specify the persistence of class measured via individual attributes.

Bourdieu's work has often been understood as taking a similarly integrative and pragmatic stance. This becomes clear from authors such as Skeggs (1997, 2004), Sayer (2005) or Crompton (1998, 2006: 18), who draw on Bourdieu's concept of class as symbolic differentiation, elaborated in *Distinction* (Bourdieu 1984) via cultural consumption. In this usage, Bourdieu's theory performs as a means of integrating cultural dimensions into the established frameworks of class analysis. This perspective on Bourdieu's work can be termed the "social space approach" (Flemmen, 2013). These authors use Bourdieu's model of a symbolically structured social space, and especially his concept of capital, to examine the role of cultural class identities in the perpetuation of social and economic inequalities. They do so in combination with other generative principles of class, notably exploitation. Bourdieu thereby simply adds the dimension of culture to other "economic" theories of class. The specific function of the Bourdieusian addition in this respect is to overcome a deficit in the standard "employment aggregate approaches" of, for example, Erikson and Goldthorpe (1992), or Wright (2000a). Crompton (2006: 18) argues that these approaches exclude non-employment relations, rendering those invisible, who do not participate in the labour market and who do not hold standard forms of employment. By including culture as a dimension of class, in the form of (cultural) capital, the Bourdieusian approach helps to grasp the nature of class society beyond the labour market and the workplace. However, as Wright (2015: 4) notes with regard to the recent example of "The Great British Class Survey" (Savage et al., 2014), such an interpretation in the end renders the forms of capital as individual attributes, whose distribution can be analysed in the form of a class map as a representation of social space.[10]

While this departure from dogmatic adherence to specific theoretical schools is in principle laudable, such an endeavour is nevertheless only possible when discounting for the fundamental theoretical assumptions upon which these approaches rest. This kind of pragmatic reception is peculiar, as Bourdieu explicitly tries to break with some assumptions of mainstream class analysis. His approach, so my argument, therefore constitutes more than a different way of combining other models; it is in fact inseparable from the foundations of his social theory, which is the subject of the following section.

2.3.1 Theoretical Divergences in Theories of Action

A first important break with other approaches to class theory lies in Bordieu's theory of action: revolving around the concepts of habitus and field, he rejects the assumptions of rational action theory shared by the other approaches. Neither the (neo-)Weberian nor the (neo-) Marxian schools break with the assumption of economic action being determined by rational, self-interested calculation (for an extensive discussion, see Clarke, 1991). This is not to say that Bourdieu rejects rationality as such. For him it is rather a disposition, arising from the interactions of habitus and field. This has implications on the treatment of the role of economic processes: rather than an objectively given mode, economic action is subject to the same principles as any other form of social action. Economically calculating rationality is therefore just a special case of culturally formed *praxis*, and its precise form may vary historically, since it is, like all modes of action or reason, socially bounded (Bourdieu and Wacquant 1992: 119). His praxeological approach to social action conceives of actors as "products of history", who are "neither particles of matter determined by external causes, nor little monads guided solely by internal reasons" (Bourdieu and Wacquant 1992: 136). As such, actors develop their strategies in historically specific situations. What stabilises these situations is the "structured and structuring" effect of the dispositions embodied in the habitus. These dispositions never

[10] The "Great British Class Survey" concludes that there are seven classes in Great Britain today: Elite, established middle class, technical middle class, new affluent workers, traditional working class, emergent service workers, and precariat. The employed method of latent class analysis over a set of markers for individual capital composition however reduces the outcome, as Bradley (2014) remarks, to a gradational stratification typical of an individual-attributes approach, disregarding Bourdieu's demand for a relational theory of class.

fully determine action; rather they describe “virtualities, potentialities, eventualities” of strategies in specific situations *in relation* to specific structures (Bourdieu and Wacquant 1992: 135). The social space approach to class analysis however abstracts from this praxeological aspect of Bourdieu’s class analysis, by limiting the delineation of class to clusters of capital, or in the words of Bourdieu, it only identifies “classes on paper”.

2.3.2 Divergent Concepts of the Economy

This has, secondly, an impact on what is identified as the generative principle of class: for the individual attributes- and the opportunity-hoarding approaches, the root of class division lies in the “objective” laws of the economy, which dictate the outcome of market exchanges. The exploitation-approach identifies the source of class division as though it were one step ahead of the market, in the relations of production, but treats market exchanges quite similarly. This treatment of the economy as a sphere of “objective”, transhistoric laws of supply, demand and marginal utility in these ideal-types of class analysis externalises the economic process from sociological analysis. Classes may direct their collective action *against* this order of the market (e.g. by restricting the supply to goods, knowledge, skills or other resources they control), but conceptually it is an intervention *from the outside in*; the object of actual sociological analysis is this intervention, while the workings of the market themselves are taken for granted. The point of both classical frameworks (Marx and Weber) that the substantive conduct of the economic process is indeed historically contingent and socially malleable – not the least by classes as collective actors – gets lost in this externalisation. This proves especially problematic when examining class formation, since such a view of the economy as a non-social sphere carries with it a certain blindness towards substantive changes in the way the economy works, which in turn implies a certain stasis of economic inequality – the size of classes and the precise value of economic distribution may vary, but the “places” classes occupy hardly appear to change. This puts the formation of new classes in a conceptual blind spot, even when substantive changes in the economy, such as globalisation, occur.

Bourdieu consequently rejects this “objectification” of the economy (or any other social field). He does not treat the economy as something external to social logic. While the economy may appear to be governed by objective laws, they are only “made objective” through the perception of the actors engaged in the economic field, since all “objects of knowledge are constructed, and not passively recorded” (Bourdieu and Wacquant, 1992: 121). This conception of the economy rejects both the idea of economic primacy from Marxist thought, and the

Weberian idea of separate spheres of the political, the cultural and the economic, with clearly distinguishable rationalities and modes of action. While fields are indeed thought to produce their specific and differentiated "rules", these are not foundationally separable in the ideal-typical sense of Weber's modes of rationality. Rather – and this has added to the confusion in the reception of Bourdieu – every field has its own form of economy, albeit this term carries a different notion in this context. The economy of the cultural field (see Bourdieu 1993, 1996) for instance follows different rules (or "pricing mechanisms") than the economic field, because it is built around the negation of economic value as a means to uphold the field's autonomy. The deployment of economic capital in the cultural field might actually be seen then as negative by other participants in the game, and have negative consequences – the reputation of being a "sell out" for instance is clearly a dangerous label for the social standing of an artist, who might benefit from an image of being "authentic", in other words, by suffering materially for his art.

While each field demands an exploration of its very specific rules and *modus operandi*, what remains universal is the generative logic of fields themselves. Each field is founded upon a specific "*illusio"*, meaning the "investment of interest" into the "game" by its participants. However, effects of fields and the differences between them can only be analysed in the wider sets of relations to other fields at a specific time, and by examining the struggles between groups within the field about rules, valuations of capital and the precise illusion. These struggles can be thought of as field-specific politics (Bourdieu and Wacquant, 1992: 109).

This combination of a conception of the economy not as a coherent entity but as a socially bounded field, together with the insistence on economic features as part of every other field, sets the Bourdieusian approach apart from the others and leads to a completely different way of how class as economic inequality can be conceptualised. That capitals as resources are always bound to their use in specific fields, and are consequently not *per se* universally deployable (although often "convertibility" exists) leads Savage, Warde and Devine (2005: 42) to conclude that in this approach

> …class is an effect – not a set of relationships or a structure. It is manifest through the operation of many fields; it is an emergent effect of the structuring of many specific fields. Capitals are the underpinnings not of class structure per se, but of fields – where volume and trajectory of agents' holdings of particular capitals is central to the dynamics of fields. There is no primary generative 'mechanism' behind class [. . .]. The emergent effect, class division, arises for Bourdieu across many relatively autonomous fields. (Savage, Warde and Devine, 2005: 42)

Such a "field analytical approach" to class, as opposed to the "social space approach" outlined above, however brings its own peculiar challenges to class analysis, as class becomes "de-centred" (Flemmen, 2013). It is, in other words, not limited to a single generative mechanism, such as market distributions. By thus privileging differentiation over economic power, Flemmen (2013: 335) argues that such an approach runs the risk of losing track of relations of power and domination in wider society. The power of the capitalist class for instance becomes difficult to conceptualise when confronted with the field of art, for example, which is, in the words of Bourdieu, an economic world reversed (Bourdieu, 1993: 29-73). According to Flemmen's argument, the focus on the internal dynamics of such fields obscures the view on the general privilege that economic capital grants throughout society.

The counterargument to this would be that relations around economic capital are indeed present in every field since every field contains struggles over valuation and power. More importantly perhaps, Bourdieu is naturally not oblivious to the dominant position of the economic vis-à-vis other fields in capitalist society. A de-centred conceptualisation of class allows, through the analysis of fields and their relations, for a much more precise apprehension of not only the power of capitalist domination (which it of course draws from the configuration and the outstanding position of the economic field), but also of its limitations and of the forces challenging it (Bourdieu and Wacquant, 1992: 109). It is therefore the field-analytical variant of Bourdieu's theory, where the unique power of his concepts can be harnessed.

2.3.3 The State and the Problem of Methodological Nationalism

In a similar vein, there are differences in how linkages between the state and class are conceptualised in the four discussed approaches, albeit less fundamental than in the treatment of the economy. Therefore, the relevance of the state for class theory requires investigation.

On the surface, the notion that the state matters for class relations appears obvious: the issues of inequality, of distribution of life chances, and of power are *per se* political ones, therefore pertaining to the state as the primary political body. Further, in classical political economy the state and the economy are commonly seen as congruent, territorial entities which rely on each other. This perspective is also part of sociology, which for most of its history has seen society as defined by the form of the state. In this view, it is obvious that classes are confined to the territory of an economy as defined by the state.

However, this notion of identity between state and society has become problematic with the rise of globalisation, given that the role of the state is a central point of contention in the debates between "internationalist" and "globalist" perspectives, as will be discussed in the following chapter. Wimmer and Glick-Schiller (2002) explain the historical development of this identification via three processes: ignorance, naturalisation, and territorial limitation. The accusation of ignorance is thereby mainly directed at "grand" social theory: Wimmer and Glick-Schiller (2002: 303-307) argue that for most sociologists, and especially the "classics", this congruence appeared as so banal that it was not worth any attention. This blind spot was reinforced by the naturalisation of the unity of (nation) state and society – especially through economic theory – since the second half of the nineteenth century. In this formational period, states began to turn to the social sciences for answers to various problems, from poverty to administrational issues; but they framed the questions from their point of interest, which was ultimately limited to their territory. The society-state identity became thus incorporated into social theory and its conceptual apparatus. Perhaps the most paradigmatic example for this is the German word for economics, "Volkswirtschaftslehre": literally, "the economy of the people".

But even critical perspectives are not immune to such "methodological nationalism", as Wimmer and Glick-Schiller term it. Since most sources of data are found on a national level, and scientific inquiry is still mostly funded through state bodies out of national interest, the idea of the social sphere being exclusively organised through the state is an often-unacknowledged premise. In sociology, this created blind spots regarding transnational social connections, as "the web of social life was spun within the container of national society, and everything extending over its border was cut off analytically" (Wimmer and Glick-Schiller 2002: 307). This identification of society with the nation state leads to paradoxical results for class analysis, as Weiss (2005: 709) for instance points out:

> This means that a homemaker in Texas is directly compared with an unemployed person in Chicago for the sole reason that they live inside the same nation-state. It also means that a cabinet maker in Germany is not compared with the sales person who sells her products twenty miles across the border in Switzerland. Neither is a Polish domestic working illegally in Germany compared to her employer. Nor a Malaysian factory worker with the British person who buys and wears his products. Sociological research on social inequality has accepted the basic assumption of international law, which assigns individuals to nation-states instead of determining empirically to which national society they may belong. (Weiss 2005: 709)

The question that arises out of these examples for Weiss – determining the "true belonging" of an individual – is especially pertinent from the perspective of migration research. Migration is an important aspect of globalisation, since it produces transnational economic and cultural linkages. However, as I will discuss further in the following chapter, globalisation can also be conceptualised from the perspective of a "de-territorialised" global economy, stretching beyond national boundaries. Migration, from this perspective, might transgress national boundaries; but whether these also represent economic boundaries is the point of contention. Considering class as economic inequality, thus raises the question of whether it is indeed necessary to conceptualise class as contained by the nation state. This question consequently necessitates an examination of the theoretical linkages between class and the state.

Of all four discussed approaches, the "individual attributes" approach is, as mentioned, mostly agnostic about the nature of the state and its relations to class. As this approach is only concerned with the attributes of individuals and their corresponding market positions, the state is, on a theoretical level, of no importance.[11] Nevertheless, most studies of distributions of individual attributes rely methodologically on the state as a closing frame for the economy, as most datasets are still collected on the national level, leading to a "territorial limitation" of research.

The state plays a much more important theoretical role once classes are conceived of as collective actors, and "class consciousness" enters the picture. The mechanisms underpinning class division in the "opportunity-hoarding", the "exploitation and domination", and the Bourdieusian approaches, rely to a large extent on collective action, and therefore legitimation and respective enforcement by law or other institutions under the general purview of the state. The most obvious example for mechanisms reliant on the state is rights, which grant privileges to certain groups but not others. These include, for instance, property rights in general, labour law, or credentialing and licensing powers, which may form the basis for mechanisms of social closure or rent-seeking. Simultaneously, institutions important to class formation and division, such as the educational system, are in general administered by the state, making it an important "player" in class relations.

There are however distinct features to the respective conceptualisation of the state, which result from the underlying social theories. Both Weberian and Bourdieusian approaches understand the state primarily through its function as "the monopoly of the legitimate use of

[11] This is of course only true if the proposition is accepted that the market is in itself independent of the state, which is obviously highly problematic. However, as economic theory generally treats the market as a self-sustaining entity, this problem is not relevant to the logic of this ideal-typical argument here.

force in a given territory" (Weber 1958 [1919]: 78). The state, Weber writes, cannot in itself be defined beyond its position as a mode of domination through this monopoly: "There is scarcely any task that some political association has not taken in hand, and there is no task that one could say has always been exclusive and peculiar to those associations which are designated as political ones". It is this monopoly on violence which ultimately makes the state the source of social order (see also Anter 2014). What both these approaches share is their abstraction of the state from its concrete institutional form. They focus on its nature as a complimentary power structure to the economy, or in the case of Bourdieu, to other fields.

As discussed in the previous section, the mechanisms of class division identified by the opportunity-hoarding approach intervene into the market from the outside. The efficacy of these mechanisms therefore relies on how they are established in the framework of the state, or in other words, how they are made part of the social order. Consequently, the strength of such mechanisms can vary, depending on the political power of a class in relation to other political actors, and the historically specific form of the state. Institutions and mechanisms guarding class privilege can also be (and in reality, often are) build "privately", relying only on the connivance of the state, not its active involvement. Mechanisms of class division range in their efficacy therefore from informal customs, which are not enforced by law (social closure through cultural affinity for instance), to firmly entrenched laws upheld by force, as it is the case with property rights. Thus, while the opportunity-hoarding approach considers the state as instrumental for various mechanisms of class division, and thereby ties class to the territory of the state, on a theoretical level these mechanisms are not in every case reducible to the state.

Bourdieu expands on Weber's understanding of the state as a relation of domination. In line with his general social theory he adds a symbolic dimension: he understands the state as "the *monopoly of legitimate symbolic violence*, i.e., the power to constitute and to impose as *universal* and *universally applicable* within […] the boundaries of a given territory, a common set of coercive norms." (Bourdieu and Wacquant 1992: 112, original emphasis). In analogy to his treatment of the economy, the establishment and content of these norms is the object of struggle between officials and private actors in the various "administrative subfields" that make up the state. Classes as collective actors are of course important players in those fields (Bourdieu and Wacquant 1992: 121, Bourdieu 2005). However, such an engagement depends on the power relations in other fields. Whether a given class is engaging in the struggles of administrative fields or finds sufficient power resources in other fields is not theoretically prescribed. However, given that the object of administrative fields, their "*illusio*", is the establishment of norms, which are a powerful means of creating, altering or controlling social hierarchies, such an engagement stands obviously to reason. Again, as in the Weberian conception, we therefore find a *theoretically optional* but *empirically highly likely* reliance of class division on the state. The question that arises in the context of Bourdieusian theory is rather whether there are inter- or transnational fields, which can serve as the basis for class formation, and whether their transnational character can dominate the power dynamics in territorially bounded administrative fields.

In contrast, as mentioned in Section 2.2.3, theories in the Marxist tradition conceptualise a much stronger relationship between class and the state. Since classes are conceptualised with the vanishing point of becoming actors for historical change, their collective action is *per se* seen as geared towards taking control of the state. The relation of the economy and the state as structure and superstructure define both spheres as expressions of the social relations between capital and labour. In this, the Marxist concept of the state is a much more substantive one than for Weber or Bourdieu since it seeks to define the state in its functions much more extensively and with a clear historical purpose. For the issue of class, this means that on a conceptual level it is necessarily tied to the state.

However, by conceptualising the capitalist economy from the outset as a global, or rather, *globalizing* one, the Marxist approach also contains explicit starting points for a global analysis of class. The tension between the substantialist understanding of the state and the explicit focus on the territorially expansive character of capitalism has led to a fruitful debate on the issue of global class, which is the subject of Chapter Four (pp. 52-64).

2.4 Conclusion: Obstacles to be Overcome

In this chapter I have presented a theoretical discussion of the classic conceptions by Marx and Weber, as well as the four most prominent contemporary modes of class analysis, with respect to their concepts of class formation, their conceptions of the economic, their relationship to the state, and in regard to the problem of methodological nationalism. I have found them to present certain challenges for an engagement with class formation in the context of globalisation.

Firstly, on a very general level, a feature common to all but the Bourdieusian mode is the tendency of treating the economy as something external to the social, thereby losing Marx' and Weber's. original emphasis on the economy as a historically formed and therefore malleable process. By treating markets as entities governed by transhistoric laws, these approaches tend to conceptualise historical change as a change in distribution of economic goods, not as a change in the conduct of the economic process. This removes contemporary approaches to class from the original intents of the concept as devised by Marx and Weber, who conceived of class in relation to a historically specific and contingent arrangement of economic and social relations. Instead, these approaches take these relations to a large extent as determined, emphasising an analysis of class in the form of established social positions, as "empty places", allowing for change mainly in the weight of these positions relative to each other. The formation of new classes in the event of substantial changes – such as globalisation – remains a blind spot for most class theories.

Secondly, all contemporary theories of class hinge their analysis to a certain degree on the power of the state, which prevents a conceptualisation of class formation on the global level. This state-centeredness however has different reasons and varies in its extent.

In the case of the individual-attributes approach the reason for this can be found, according to the typology of methodological nationalism by Wimmer and Glick-Schiller (2002), in "ignorance" towards the statist constitution of the approach. Assuming the existence of a global market, on the theoretical level there are no reasons for such an approach to remain limited to a "containerized" conception of society, as its only theoretical elements are individuals and the market. It is rather the typical methodology employed, and the unconscious identification of state with society, which limits its application to a nation-state frame.

In the case of the opportunity-hoarding approach, the argument for treating class as a category on the level of the nation state is at a first view more pronounced. As classes enter the picture as collective actors, the relationship between class, the political, and the market becomes crucial. Since this approach separates the state and the economy into distinct spheres and treats the economy as an object governed by objective laws, the intervention of collective action necessarily has to be conducted through the state, tying classes – at least in their political articulation – to a nation-state frame.

A similar case can be made for the Bourdieusian approach, since Bourdieu shares the view of the administrative field being territorialised. However, given the multi-dimensional approach of field theory, the introduction of transnational fields is a possibility.

Finally, in the exploitation-approach, drawing on the Marxist tradition, state theory takes the most prominent position, as the state-class relationship represents a cornerstone of its theoretical endeavour. However, the Marxist approach pays the most attention to the globalising nature of the capitalist economy, which creates a tension out of which a fruitful discussion has developed.

Before I continue to examine how these obstacles can be overcome in Chapter Four, I turn to theories of globalisation and their depiction of the change it entails on class formation.

3 Globalisation without Global Class Formation?

In the previous chapter I surveyed the most prominent contemporary conceptualisations of class along the lines of their theoretical development and identified the obstacles hindering the analysis of global class formation through these established modes of class analysis. As I have shown, all these approaches in one way or another conceive of the problem of inequality and class as framed through the nation state as the primary organisational form of society. This notion of the identity of society and the state has however been called into question by the extensive literature on globalisation since the nineteen-eighties. The idea of globalisation offers the chance for a change in perspective: Instead of taking the nation state as point of departure for sociological inquiry, authors such as Giddens (1990), Beck (2000), or Castells (2000) suggest the opposite route, privileging the analysis of transnational social and economic processes over national specificities. In this chapter I therefore examine theories of globalisation and how they deal with the issue of class formation on the global level.

However, the concept of globalisation is a contentious subject. In the academic debate, the meaning and the significance of globalisation are frequently called into question. As I will discuss in this chapter, these conceptual differences also impact how the role of class in the wider field of global inequality is conceived of. In the following I therefore examine firstly the different conceptualisations of globalisation, and secondly at the idea of a world society as possible bases for theorizing the formation of a global class.

In the first section I argue that most conceptualisations of globalisation leave the social inequalities, which are a defining feature of any class formation, behind on a national level. In a second step, I argue that the theories of a world society artificially separate economic from social processes, which again creates a blind spot for the formation of a global class. Both perspectives on globalisation are therefore inadequate to address the issue of global class formation.

3.1 Conceptions of Globalisation

Having been the subject of debate for the last thirty years, the term “globalisation” carries multiple meanings, and with these come divergent interpretations of the consequences of living in an economically, socially, and culturally interconnected world.

The debate about the meaning of globalisation is extensive and branches out in many disciplines and areas of investigation. As a phenomenon, globalisation stretches into virtually all dimensions of the social, from economics to politics, culture, consumption, sports, and religion.

One main point of argument since the last decade of the twentieth century concerns the question of whether globalisation should be seen primarily as a quantitative increase in worldwide economic and socio-cultural connectedness and interdependence, or whether it represents a qualitatively new form of sociality, a new phase of "post-" or "reflexive" modernity. A central aspect of this question pertains to the structures of power underpinning globalisation: whether they emanate from the global level, subsuming local power relations, or whether they are the result of dominating sub-global actors such as the United States or "the West". While "disjunctive theorists" such as Giddens (1990), Beck (2000), or Scholte (2005) claim that global social and economic relations are de-territorialised, superseding the purview of any one state, others, such as Panitch and Gindin (2012) maintain a "continuity" view that globalisation should be conceptualised as nothing more than a new form of capitalist imperialism. Across these issues runs the divide between universalist and particularistic perspectives on philosophy, economics, culture, law and politics.

Both "disjunctive" and "continuity" perspectives share the economic transformations of the nineteen-seventies and -eighties as a starting point for their analysis. This period was characterised by increasing international trade, increasing mobility of capital and labour, reorganisation of the global economy through the use of new transportation and information technologies, which also intensified the exchange of information and culture around the globe (Held and McGrew, 1999; Subramanian and Kessler, 2013). The common ground also extends to shared and generally accepted definitions of globalisation, such as the one formulated by Giddens (1990: 64), as "the intensification of world-wide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice-versa"; the one formulated by Held and McGrew (1999: 429): "a transformation in the spatial organization of social relations and transactions – assessed in terms of their extensity, intensity, velocity and impact – generating transcontinental or interregional flows and networks of activity, interaction and the exercise of power"; and Therborn's (2000: 154) formulation as the "tendencies to a worldwide reach, impact, or connectedness of social phenomena or to a world-encompassing awareness among social actors".

These definitions are very close to the semantic meaning of globalisation and focus on the spatialisation of the social. The defining feature of globalisation, as well as its "newness", are thought to rest on the fact that social connections now encompass the entire globe and cannot be contained within local singular states or societies. Such definitions do little, however, to examine the complexity and qualitative properties of the social. Under the heading of globalisation, everything and anything can be subsumed – the deeper social meanings and ramifications of specific instances of sociality tend to become "flattened", and the danger of reducing everything to an issue of space is permanently present. The discourse on globalisation has frequently fallen victim to such reductions, adding to the muddled understanding of the term, as it has become indiscriminately applied to various issues from economics, to culture, politics and social critique.

An alternative framework for describing the interplay between the forces of globalisation and local forms of sociality affected by them is Robertson's (1992: 173) notion of glocalisation. In its original formulation, glocalisation resolves the tension between the global and the local through highlighting the "interpenetration" of both extremes in their concrete realisation. As globalisation manifests itself in a specific place, it takes a "local" form. "It does not exist 'out there' and its articulation is not separate from that of the local. The local is never quite 'pure' or outside the global; it is always constructed in part in response to and through influences from the global." (Roudometof 2016: 392). This perspective of globalisation as glocalisation thus avoids conceptualizing globalisation as an imperialistic, purely homogenizing force. Rather it is understood as simultaneously encompassing both, tendencies producing homogeneity, creating cultural and economic connections between different localities, and tendencies producing fragmentation, since different localities engage these homogenizing forces differently.

However, as Ritzer (2003, 2006) and Roudometof (2016: 395f) argue, this dissolution of the global-local dyad into the monism of glocalisation is problematic, because it does not sufficiently engage with questions of power. Alternatively, Ritzer acknowledges the process of hybridisation that glocalisation entails, however he perceives of it as a victory of the logic of the global capitalist system, entailing the simultaneous erasure of the local:

> […] once a product or service has been touched by the global (and virtually everything has been by now touched in that way), it is better thought of as a mix of global and local, as glocal. In other words, it can never again be thought of as "purely local". (Ritzer and Ritzer, 2012: 802)

Contrary to Robertson's original conceptualisation, which aimed at dissolving the conflict between global and local forms of sociality by dissolving their differences, Glocalisation in this view is ultimately a specific form of globalisation, which transforms the local into a global commodity. Thereby this conceptualisation maintains Robertson's original dispensation of the idea of globalisation as cultural homogenisation, without losing the perspective on globalisation as the exercise of power by the capitalist world system.

From a sociological point of view however, the relevant question is exactly what form the sociality produced by globalisation (or, due to its multidimensionality: "globalisations") takes. As Therborn (2000: 154) puts it, the question states: "is the world a *system* shaping the actors in it and directing their striving, or is it an *arena*, where actors who were formed outside act and interact?".

In sociology, there is a tradition in viewing the world as a system. The most prominent example is Immanuel Wallerstein's World System Analysis. For Wallerstein (1974, 2004), the capitalist economy always formed a world system, evolving and expanding since the sixteenth century. This system is structured through an international division of labour and stratified – analogous to Marx's concept of class – according to control over the means of production within the system and the resulting ability to extract surplus value of a state. Nation states and classes are actors within the system and are generated by it.

Another approach is John W. Meyer's World Polity Approach (Meyer et al., 1997, Drori et al. 2006). Whilst for Wallerstein the decisive system factor is the economy, for Meyer the globalisation is sustained by "an enactment of culture". In the perspective of Meyer and his colleagues, Globalisation is "a cultural process that extends beyond the actual expansion and intensification of worldwide interdependencies" (Meyer, Drori and Hwang 2006: 25). It is rather based on the proliferation of a universalistic culture of rationalism, propagated through its embeddedness in systems such as science or education and in formal associations and organisations, such as firms, government agencies, or non-governmental organisations. Through the expansion of these institutions, globalisation emerges as a "rationalised world institutional and cultural order", which serves as a blueprint for national and subnational institutions and actors by bestowing legitimacy upon those who follow this set of institutional and cultural models.

Perspectives on the world as a system the pitfalls of homogenising the particularities of local contexts and over-determining the actors within them. Indeed, the point can be made, as in Hirst and Thompson (2002), Helleiner (2014), or Panitch and Gindin (2012), that it is not always the dynamic of the system, but rather the acts of individual sub-global entities, such as states or firms, that drive global developments, without being determined by a global system. Such approaches prefer to speak of internationalisation or imperialism rather than globalisation, as the decisive formation of actors is thought to occur in the national context, and the global effects arise out of the engagement of different national actors with each other.

This view of the world as an arena or stage, where actors not formed on the global level interact, is mostly widespread in political economy and international relations, particularly in the tradition of comparative political economy. The Varieties of Capitalism approach (Hall and Soskice 2001: 7ff) represents a prominent example, where economic systems are understood from the viewpoint of specific national development paths.

At the centre of this neo-institutional approach lies the question, how economic actors solve the problem of coordination within the institutional arrangement of a national political economy. Employing Weber's notion of ideal types, this tradition distinguishes two systems of coordination: Liberal Market Economies (LMEs), where the coordination problem is solved primarily via market competition, and Coordinated Market Economies (CMEs), which depend on non-market forms of coordination, such as relational contracting, informational networks, and the exchange of private information. In between these two poles, a variety of economies exist, where a mixture between market- and non-market coordination is dominant. A paradigmatic example for the difference between Liberal Market Economies and Coordinated Market Economies is the way firms finance their activity: In Liberal Market Economies, such as the USA or Great Britain, the dominant form is through capital markets, and instruments such as stocks and bonds, whereas in Coordinated Market Economies, such as Germany, the preferred instrument is long-term lending, and strategic alliances between banks and industrial corporations. (Hall and Soskice 2001: 17f). These differences are underpinned by specific local cultures, which stabilize such institutional arrangements through the generation of shared understandings about what constitutes desired outcomes of a coordination situation (13).

Globalisation, from the viewpoint of such a comparative approach, pits these specific national models against each other, with the possibility of processes of convergence or specialisation emerging as the consequence of comparative advantages of one institutional order over the other in the competition in global markets (Hall and Soskice 2001: 56ff). Crucially, in light of the question of class, the institutions mediating inequality remain conceptionally within the scope of the local institutional arrangement, which may or may not adapt its order when confronted with competition in global markets. In contrast to the system perspective, the perspective of the world as a stage leads to the danger of over-emphasising and exaggerating differences between nations and overstating the agency and autonomy of sub-global actors.

Therborn therefore suggests that system-ness and stage-ness should not be treated as an 'either/or' question put *a priori*, but rather as a question of empirical investigation:

> How much system-ness was there in the past and how much is it likely to be in the future? How much interaction of regionally, nationally and/or locally formed actors is or was there and is there likely to be on the world stage? (Therborn 2000: 157)

This relegates the question of whether globalisation represents a disjunction in social developments or merely an intensification and continuation of ever-present international engagements to the empirical, rather than the conceptual level. The theoretical argument underpinning this view of simultaneous system- and stage-ness rests on the assumption that

> [n]o complex social system is fully scripted, with actors only having to enact given roles. From the system perspective, social actors are always indeterminate to a significant extent, an indeterminacy which might be seen as contingency or an effect of system-exogenous determinations […] for example, by national constellations and developments. (Therborn 2000: 157)

For Therborn's question, the issue of global class formation – that is, the question whether classes are shaped by the global rather than the national social and economic context – represents a significant contribution. As an indicator for the space of reference of economic actors, the formation of global classes can illustrate the extent to which global connectivity and exchange actually produce a global, rather than a sub-global, sociality.

3.2 The Demise of Class in Globalization Theory

In the light of the arguments laid out above, an assumption would be that global class formation would play a central role in the debates on globalisation, especially from the perspective of the world as a system, and globalisation as a disjunction from previous forms of sociality. However, this is hardly the case.

For Wallerstein, classes – despite constituting actors at the global level – are formed within national political and economic frameworks. This is because World System Analysis takes the state as the primary actor within the world system. The global economy creates states within it and these states segment global value chains, leading to a division of labour between the centre, where capital accumulates through the expropriation of surplus-value, which in turn is created in the states of the semi-periphery and periphery. The world economy, therefore – in contrast to the idea of global capitalism as a "great leveller" in neoclassical economics (Subramanian and Kessler 2013) – is not thought to homogenise the differentiations between countries, but rather to produce and sustain them. Thus, although their political formation happens on the national level, capitalist classes in their function as dominant classes in countries of the centre, exploit subaltern classes globally through the international division of labour. In this view, global class conflict exists; however, it is seen as being carried out through the transmission-belt of international conflict, couched in a regionally differentiated, rather than homogeneous, world system. In this regard, class for Wallenstein is not situated as a structural element at the global level but acts on it by means of the state[12].

Meyer, on the other hand, is hardly interested in classes and class formation, since his focus lies on a generalised set of institutions and cultural dispositions. Treating the world as a system highlights the economic and cultural interdependencies; however, it does not necessarily encompass the issue of global class formation.

"Disjunctive" theorists like Giddens (1990), Castells (2000), and Beck (2000) have elaborated more on the issue of global class. However, they go even further in arguing that class has no place in a global society. According to them, globalisation leads to a separation of place, the "physical setting of social activity" (Giddens, 1990: 18) and space, i.e. the locale of the forces shaping this activity. In the pre-globalisation age, space is said to have had a (more or less clear) boundary, containing the institutions exerting influence on social activities, most strongly articulated in the borders of nation states which gave societies their territories. In the age of globalisation, forces such as the technologies for instant long-distant communications and transactions (Castells), the development of generalised symbolic tokens of exchange such as money and expert systems (Giddens), or simply the emergence of global markets (Beck), are said to create a boundary-less "empty space" (Giddens) or a "space of flows" (Castells), which re-shapes human societies according to its own global logic and lies beyond the influence of the institutions that once regulated social life – most notably, the state.

The result is the "disembedding of society" from its time- and place-bound ways of functioning – the "'lifting out' of social relations from local contexts of interaction and their restructuring across indefinite spans of time-space" (Giddens, 1990: 21). The consequence of

[12] Wallerstein's reliance on the international system as the structuring principle of the world economy has also been criticized from a Marxist perspective by Robinson (2011). Robinson argues, that, while the description World systems Analysis offers has historical validity, global capitalism has now entered a new phase, where the international/interstate system has been replaced as a primary organising principle by transnational circuits of capital, which form the basis for the formation of a transnational capitalist class. This approach is further discussed in Section 4.2.

this disembedding is the development of a "network society": the functional institutions of society become dispersed into differentiated, interconnected nodes, connected by flows of capital, commodities, information, and people. In place of centred national economies we now find multiple, interpenetrating economic networks, connected by the overarching flows of the global financial markets.

While the economy of this new global network society can be undoubtedly described as capitalist, Giddens, Castells, and Beck all claim that with the spatial and functional reorganisation, the old concept of class is outdated and does not capture the reality of the social structure in a globalised age.

Castells finds the reason for this in the technological nature of the global financial system: while on local levels, different individuals or groups may be identified who hold control over the local accumulation process, such as managers of big corporations, of pension funds in their role as controlling investors, public corporations, or post-socialist oligarchs, their actions are ultimately determined by the global financial network:

> There is not, sociologically and economically, such a thing as a global capitalist class. But there is an integrated, global capital network, whose movements ultimately determine economies and influence societies. Thus, above a diversity of human-flesh capitalists and capitalist groups there is a face-less collective capitalist, made up of financial flows operated by electronic networks. […] This network of networks of capital both unifies and commands specific centers of capitalist accumulation, structuring the behaviour of capitalists around their submission to the global network. […] While capitalism still rules, capitalists are randomly incarnated, and the capitalist classes are restricted to specific areas of the world, where they prosper as appendixes [sic] to a mighty whirlwind which manifests its will by spread points and futures options ratings in the global flashes of computer screens. (Castells 2000: 505)

In turn, Castells holds the same technological logic responsible for the disaggregation of the working classes. Under the condition of global, networked capital, the processes of production become fragmented across time and space, which leads to a dissolution of working class identities. In their place, labour, which is in contrast to capital bound to specific places, becomes "increasingly individualised in its capacities, in its working conditions, and in its interests and projects" (Castells 2000: 505). The result is that the logic of class becomes obsolete in the face of the technology of the network:

> Working life goes on. Yet, at a deeper level of the new social reality, social relationships of production have been disconnected in their actual existence. Capital tends to escape in its hyperspace of pure circulation, while labor dissolves its collective entity into an infinite variation of individual existences (Castells, 2000: 506).

Beck (2000) and Giddens (1990) argue in a similar vein: in the face of simultaneous technological possibilities and the fragmentation of social institutions, the class identities of the industrial age give way to "life politics of self-actualisation" (Giddens 1990: 156f). The argument of social relations being transformed in the light of globalisation is in turn married to Beck's argument on individualisation:

> […] the social cement has grown porous through the secular trend of individualization, […] society has been losing its collective self-consciousness and therefore its capacity for political action. The quest for political responses to the great issues of the future no longer has any subject or any locus. […] In other words, as social-moral milieux have faded away, foundations have developed in the lifeworld for a cosmopolitan republicanism centred on freedom of the individual. (Beck 2000: 8ff)

That our world has become more interconnected, that the world market has become more competitive, and that social relations now stretch over larger distances than even a few decades ago, are hard to dispute. For the disjunctive theorists, however, the consequences of this disembedding of society are that humanity now faces its own social world akin to how it in pre-modern times faced nature: as a chaotic, dangerous, even hostile environment, lying outside the possibility of human control. Life under the conditions of globalisation therefore resembles a ride on a "juggernaut", as Giddens (1990: 151) terms it in reference to the Chariot of God Krishna in Hindu mythology. In the light of the declining social efficacy of states, the emerging world society is said to be "a world society without integration" (Beck, 2000: 10), held together only by the economic web of the market and the existence of global risks threatening humanity as a whole.

The consequence for the analysis of social structure according to these theorists is that, in spite of the undoubtedly increasing gap between rich and poor, one should abandon class analysis as meaningless and look for other forms of political identities to carry on with emancipatory politics: individual reflexivity and the fight for individual human rights on the one hand, or social movements that confront the generalised threat of various global risks, be they ecological, economic or political in nature, on the other. Class, in other words, falls

Summarizing the conceptualisations of globalisation discussed in this chapter, the impression emerges, that the discourse on globalisation is caught in a strong dynamic of either absolutely privileging the forces of globalisation (or global capitalism) over local forms of sociality or states, or, vice-versa, renouncing the autonomy of the global level altogether. When looking at it from the question of global class formation, neither approach has much to offer. The latter perspective denies the existence of non-local actors, whereas the former portrays globalisation as a "force of nature" external to human action.

What therefore remains is Therborn's suggestion, not to focus on the a-priory definition of what globalisation may be, but rather treating the issue as an empirical matter. In this regard, the question whether global classes are forming actually represents a contribution to the discourse, as it would reflect, that the global indeed produces actors beyond the nation state.

However, with accepting the claim that a truly global economy exists, and that this economy still produces inequality, the literature on globalisation comes into conflict with the literature on class. Taking the assumption of class analysis that a (capitalist) economy is generating social inequality necessarily along lines of class differentiation into account, in turn the issue of global class formation can be seen as an empirical test for the question whether the global economy should be conceived as a system or a stage. In this regard, my research represents a contribution to the literature on globalisation, despite disagreeing with many of its assumptions.

4 Towards Conceptualising Class on a Global Level

In the previous chapters I have discussed the prevalent approaches to class, as well as the most prevalent theories of globalisation. In Chapter Two (pp. 15-41), I identified the factors leading to an alignment between class as a category of inequality and the conception of society as congruent with the nation state. In search for means to overcome the obstacles I identified, in Chapter Three (pp. 42-51) I turned to theories of globalisation. My investigation of the most prominent conceptualisations led to the conclusion, that the globalisation literature is not particularly helpful in addressing class on the global level, because it disengages from class analysis altogether. This disengagement from debates about class stems from theoretical a-priori assumptions about the nature of globalisation.

Despite the obstacles against a global class analysis within both, the discourse on class and the discourse on globalisation, there have been some attempts to apply the approaches discussed in Chapter Two to the global level. In the following section I engage with these studies in order to develop an understanding of the empirical reality of studying class on a global level.

4.1 Global Income Inequality: Individual Attributes and the Inequality between States

A main reason for the lack of a truly global class analysis so far is the difficulty in obtaining sufficient comparable data. For instance, the individual-attributes approach relies on data concerning income inequality as an essential building block.

The economist Branko Milanovic (2011, 2016) tries to fill this gap. His latest contribution (Milanovic, 2016) represents the first exhaustive study of global income inequality across countries. While he uses the term "class" to refer to certain groups specified by his analysis, he does not engage in class analysis in the strict sense, since he is not concerned with many classical attributes of class, such as occupation, or education. The meaning of class in his analysis only pertains to groups of similar income across the globe. Nevertheless, his book is useful for the study of global class because it demonstrates the limitations of the individual-attributes approach on the global level, and is highly instructive on the structures and developmental trends of global inequality. He specifically includes historical data to analyse who has gained from globalisation and who did not.

The first interesting fact from a class perspective is the absolute distribution of global income (Fig. 4-1). The graph uses annual household income in International Dollars in the years 1988 and 2011. The area beneath the curve corresponds to the world population in the respective years. It depicts a rather unequal distribution, with the highest peak in both years more than half way below the median. This demonstrates on the one hand how unequal the distribution of income still is on a global scale, and on the other a slight improvement in the growth of incomes around the global median. Milanovic (2016: 33) calls the group around this rank in the global income distribution the "emerging global middle class".

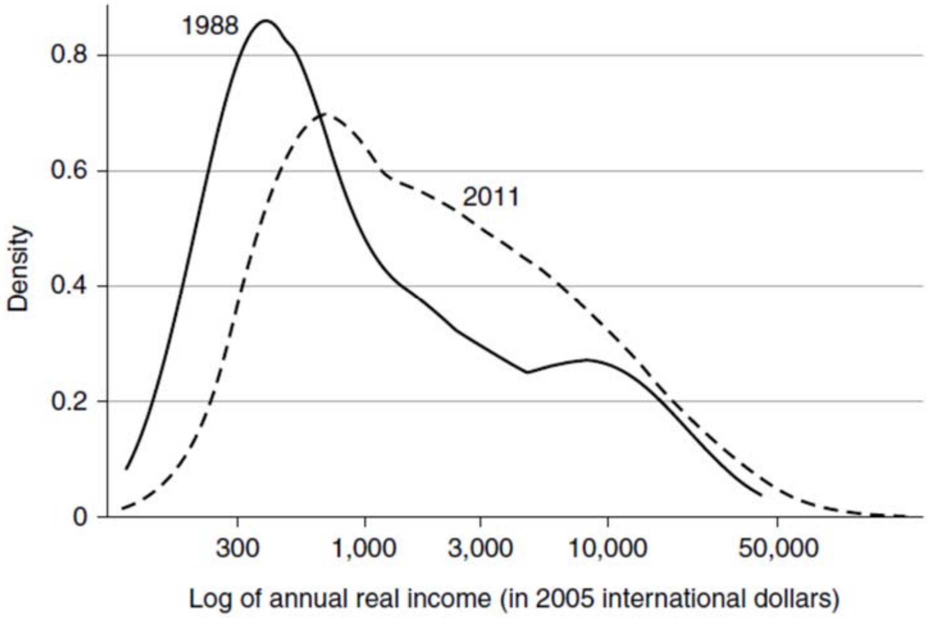

Figure 4-1: Distribution of world population by real per-capita income, 1988 and 2011. (Milanovic, 2016: 33)

This picture becomes even clearer when we look at the relative gains in income for specific income levels over the last two decades (Fig. 4-2). This graphic shows that the highest gains between 1988 and 2008 were achieved by the aforementioned group around the median of the distribution (point A). Interestingly, zero gains were achieved for the group at the eighty percent mark (point B), whereas the high end of the global income distribution (point C) achieved a sixty-five percent increase in their income in the same period.

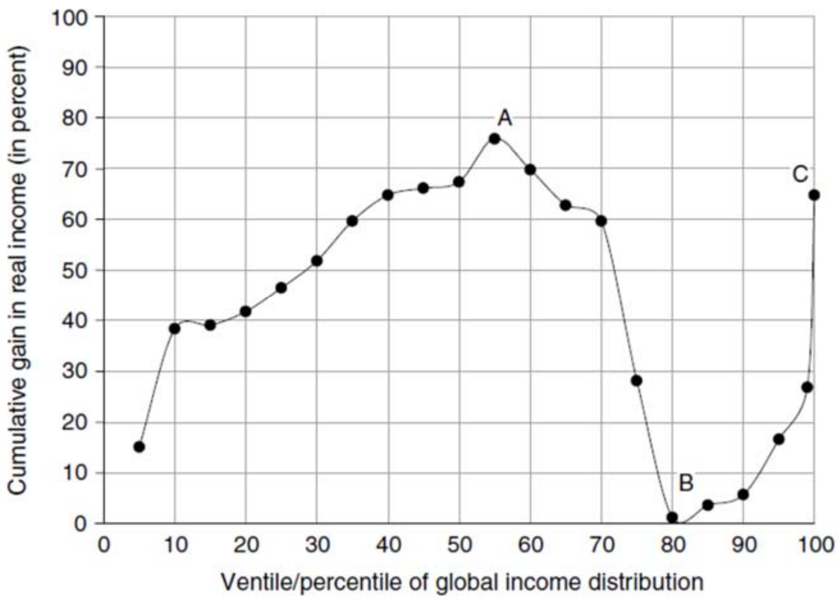

Figure 4-2: Relative gains in real per-capita income by global income level, in 2005 International Dollars, 1988-2008 (Milanovic, 2016: 11)

So, who are the people that profited so much from globalisation? According to Milanovic, this "emerging global middle class" consists largely of people at the respective middle of the income distribution in Asian countries. Roughly ninety percent of the people in this group live in China, India, Thailand, Vietnam and Indonesia (Milanovic, 2016: 19).

Their experience contrasts sharply with the story of the group "one step up" on the global income ladder, those at the eighty percent mark. This group has greater income than the global middle class, however it consists mainly of people in the lower half of the income distribution in the "rich" countries of Western Europe, North America and Oceania.

This story confirms on the one hand the different trajectories of richer countries and middle-income countries: while the lower classes in rich countries still have a comparatively high income in relation to the world population as a whole, their position in the global distribution is stagnant at best. While most of the benefits of globalisation were accrued by the middle classes of "emerging market" economies, the lower classes of developed countries did not improve their position relative to others, and in absolute terms had no gains in their income over the last twenty years. To some extent, this confirms that the homogenising effect of globalisation, insofar as the economic growth of Asian countries raises their respective income levels, is allowing them to catch up slowly with North America and Europe. In the West, economic growth has slowed, leading to stagnating overall levels of income, decreasing the differences between these countries and the developing world to some extent.

These data also show how large the disparities are between western European and north American countries on the one hand, and the rest of the world on the other: despite tripling their income over twenty years in the case of China, or doubling it in the cases of Indonesia, Vietnam and Thailand, the respective middle classes have still caught up only with the lower end of the income distribution in the West. The comparison of the income distribution in selected countries depicted in Fig. 4-3 shows that an income from the twenty-fifth percentile rank in Russia, or the seventy-fifth in China, corresponds roughly with the income of the poorest ten percent in the USA. And the gap widens towards the lower positions in the global income distribution.

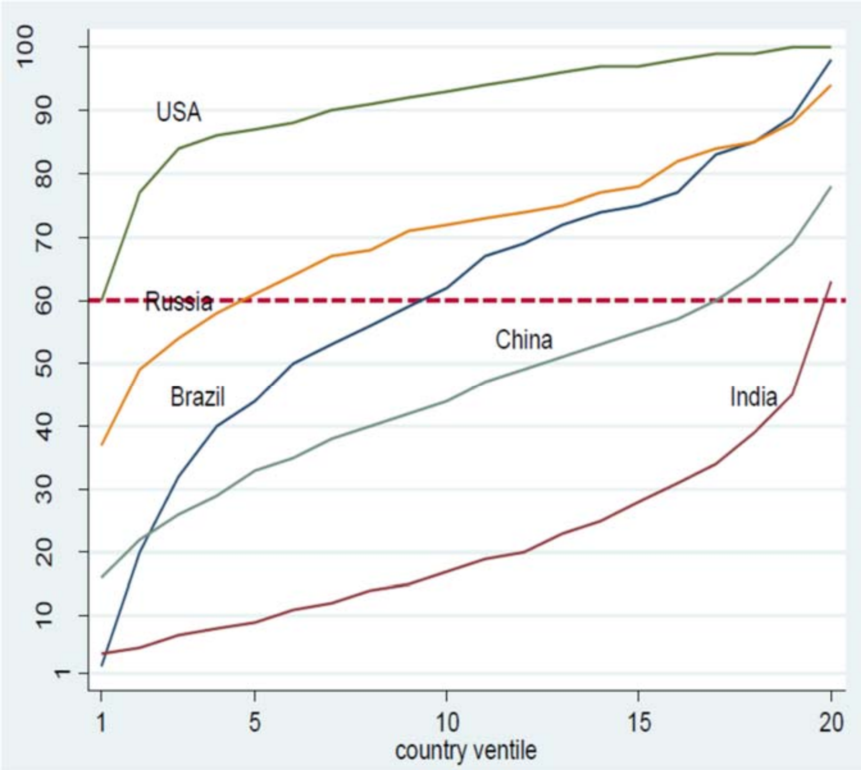

Figure 4-3: Global income distribution by country ventile, selected countries, 2005, in PPP (Milanovic 2011: 8)

The class position within a country is therefore of rather low significance with regard to one's life chances in global comparisons, Milanovic concludes. On the global scale, life chances are rather defined by the country of origin, or in Milanovic' words, by a "citizenship premium" that the country of origin "pays" (2016: 125-137). He therefore maintains that the social conflict on the global level will continue to be fought about migration, more so than about class.

There is however one exception, depicted at point C in Fig. 4-2: the top of the global income distribution has not only made gains in the same proportion as the "emerging global middle class", but it made these from a much higher level. Among this group, there is even some global convergence to be observed, at least amid European, North- and South American, as well as Asian countries, where the richest

This gets even more astonishing when we account for the fact that, as Milanovic does, his data massively underrepresent the truly super rich, or as he calls them, "the global plutocrats".

His analysis of this group is based not on survey data, but on the various lists published since 1983 in *Forbes* magazine. This group represents 0.001% of the global population, yet control an amount of wealth exceeding six percent of the value of the global GDP.

Milanovic argues that this cleavage is the true class conflict of the twenty-first century, as it represents a historically unprecedented concentration of wealth, and thereby power, in the hands of an extremely small group. Although as an economist he does not use concepts such as "collective action" or "class consciousness" directly, he nevertheless discusses the political power wielded by this group. Particularly with respect to the USA, he warns against "social separatism"; that is, the withdrawal of the rich from public services, such as healthcare and education. With the rich moving towards private forms of social provisions, these pillars of social security and mobility for the lower and middle classes become underfunded, weakening the social position of these groups. Simultaneously, the middle- and lower classes in rich countries are affected by the perceived threat of mass migration, which Milanovic sees as being politically exploited by the rich through populist "diversion tactics", channelling the political lines of conflict away from questions of distribution. In the long term, he perceives this as a danger for democracy, since it disenfranchises large parts of the population and concentrates political power within a very small group of people (Milanovic, 2016: 44, 192-211).

In conclusion, what Milanovic's study shows in terms of the problems of global class analysis is that there is, on the one hand, a good reason for being cautious about the efficacy of class indicators from individual attribute approaches on the global level. The "methodological nationalism" with regard to class structures is in other words more than a problem of theoretical framing; rather, it is a problem of scalability of indicators of class on the global level. The persistence of such disparities in income between the developed and the developing world shows that, if we accept the premise of a global society, this society is more stratified by nation states than by class position. However, critics might argue that for exactly this reason there is no such thing as a global society, and hence sociology should stick to the well-known territory of nation states.

On the other hand, even the mere analysis of the distribution of income and wealth – an analysis of "places" in society, without any of the classical indicators for class membership such as occupation, employment status or education – demonstrates the tendency of a convergence at the top. Crucially, this convergence is not limited to the developed world, but also includes the (smaller) elites of developing countries. The geographical breadth of the power such wealth bestows to those who Milanovic terms the "global plutocrats" underlines the importance of being aware of small, but potent, potential global classes. The combination of huge disparities in the global distribution, with the peculiar feature of global convergence at the top, makes the case for focusing on processes of *class formation* rather than *class structure*, and for employing a class concept based on the notion of collective action.

Milanovic is not the first to make the case for examining the top tier of society as a candidate for forming a global class. His observations concur to a large extent with the thesis of the "transnational capitalist class", which I will discuss in the next section.

4.2 A Marxist Approach to Global Class: The Transnational Capitalist Class Hypothesis

For the last three decades, a small group of scholars (e.g. Cox 1987, van der Pijl 1984, Robinson/Harris 2000, Sklair 2001, Carroll 2010, Sprague 2009) has argued, that globalization should not be understood as emerging by itself from the technological developments as the disjunctive theories of globalization suggest, or as a state-led project of American hegemony, as e.g. Panitch and Gindin (2012) would have it, but rather as a political-economic project of a fraction of the world-wide capitalist classes, who, in order to gain advantage over their competitors, escaped the boundaries of national economies by pursuing the agenda of market liberalization and the formation of transnational corporations (TNCs). They obtain their power through their positions in transnational corporations or organizations such as the WTO, the World Bank or the IMF, which also serve to deepen global economic integration and to spread globalist-capitalist ideology.

The theoretical roots of this approach lie in the neo-Marxist tradition of political economy and were formulated in response to the state-centrism of earlier Marxist analyses (Carroll 2014). Trying to ground global class analysis in the economic realm, this approach carries with it a focus on the organisation of the economy. Therefore, it centres on transnational organizations and corporations, which are thought to be simultaneously the means of capitalist globalization and the place of class formation and reproduction for the global capitalist class.

The first concise analysis of this transnational capitalist class (TCC) was put forward by Leslie Sklair (1994, 2001), who argued that this class consists of four groups in positions of power, who exert controlling influence over the development of the global capitalist system. These are firstly, the owners and managers of transnational corporations, secondly, globalizing state bureaucrats and politicians, thirdly, globalizing professionals and fourthly, consumerist elites in the media. He described their project as follows:

> This class sees its mission as organizing the conditions under which the interests of its various fractions and the interests of the system as a whole (which do not always coincide) can be furthered within the context of particular countries and communities. This implies that there is one central transnational capitalist class that makes system-wide decisions, and that it connects with the TCC in each community, region, country, etc. (Sklair 1994: 174)

Sklair's conception of the transnationalist capitalist class as a "hegemonic block" steering global capitalism was in turn heavily criticised for forcing too many different groups with different economic bases and interests, such as owners of capital and salaried professionals, into one broad class (Embong 2000).

However, Sklair's contribution is remarkable insofar, as he pointed towards a capitalist class, which was, unlike in earlier Marxist contributions, not a national one, but rather comprised of an "capitalist international", connected across countries and unified by a common "culture-ideology" (Sklair 1994: 177).

William Robinson and Jerry Harris (2000) expanded on this approach by positing the transnational capitalist class as a genuinely de-territorialized social formation. Since its economic base are the global circuits of accumulation, production, and consumption, Robinson and Harris argue that this class supersedes nation states, and, by exerting power in their interest through its personal connections to influential positions in government, actively constructs a transnational state. This state therefore comprises the "captured" state apparatuses of Western countries, as well as most intergovernmental organisations. For Robinson and Harris, the transnational capitalist class is not a class in formation, but rather a class in-itself and for-itself, and as such a powerful collective actor on the global level. Through Robinson's and Harris' reconceptualization, the analysis of a global capitalist class thus becomes aligned with the idea of globalisation as a de-territorialized force.

While these theoretical propositions surrounding the transnational capitalist class are controversial, this approach has generated fruitful empirical research into the social organisation of transnational capital.

The first strand of this research investigates the thesis of the transnational capitalist class through the lens of network analysis. These studies primarily examine the networks of corporations constituted through "interlocking directorates", referring to the practice of members of a corporate board of directors serving on the boards of multiple corporations. William Carroll (2010) shows, that over the period from 1997 to 2007, nationally integrated networks slightly declined, while a bridging segment of directors with a high amount of linkages across national borders developed. He concludes that therefore, a transnational capitalist class is “in the making, but not yet made”.

In a similar vein, Peetz and Murray (2012) examine the ownership structures of large corporations. Building on Carrol’s insight of increasing transnational social ties between economic elites, they show that the ownership of the world’s biggest corporations is increasingly concentrated in the hands of a handful of globally active financial conglomerates and interpret this form of financial capital as the material source of the power of the transnational capitalist class (Peetz and Murray 2012: 51).

However, other studies such as Heemskerk (2011) or Burris and Staples (2012) find a strong European or, respectively, transatlantic network formation, pointing to strong regional trends in the integration of a transnational capitalist class. These studies show that a transnational business community is indeed forming, although its extent (global, north-Atlantic, or European) remains a subject of discussion.

A second strand focuses on the transnationalisation of management in terms of congruence between the countries of origin of firms and those of their management. In engaging with the thesis of a transnational capitalist class, these studies follow the hypothesis that in order for such a class to exist, the group of managers controlling transnational corporations should be characterized by a form of transnational lifestyle or experience. Authors such as Hartmann (2009, 2016) or Pohlmann (2008) therefore examine to what extent the management of big corporations has the same nationality as the firm, as well as whether career patterns include positions abroad or not, thereby elevating an experience of migration to the decisive criterion for the “transnationality” of the economic elite. Most recently, Hartmann (2016) examined the CEOs of the firms on the worldwide Forbes-1000 list in 2015, and for a historical comparison the top 100 companies from the USA, Germany, France, Great Britain, Japan and China in 1995, 2005 and 2015. In addition, he includes data on the nationality of the board members of firms from 19 countries, the places of residence of the world’s 1000 richest billionaires and discusses the role of elite universities in the formation of business elites.

He arrives at the conclusion that the world’s biggest companies as well as the biggest companies of western industrialized countries are mostly run by CEOs from the home country of the firm. Only 12,6% of all CEOs in his sample are international recruits, a further 19,7% have international work experience of at least six months, bringing the total of “transnationalists” among the Forbes-World-1000 CEOs to 32,3% (Hartmann 2016: 56). He concludes that the global business elite is a myth, “not even visible on the horizon”. While a slight tendency towards northern European and transatlantic integration can be observed, and with the big exception of Switzerland, Hartmann argues that there is no sign of a truly global elite, because on the one hand, cultural ties to the home country are too strong to cut, and secondly, because the intimate relationship between the business elites and their nation states is too big an asset to lose.

The problematic point in Hartmann's analysis lies in his assertion, that there is no global business elite without long-term global movement. He raises the criterion for global class formation implicitly to the level of the members of this group having to be "true cosmopolitans" (Hannerz 1990), who readily shed their culture of origin in order to integrate themselves into another one. He explicitly rejects the notion the group in question fulfilling this criterion, and states that "even in these circles, one is not willing to give up on one's native language and the habitus formed since childhood by the national culture" (Hartmann 2016: 208, translation by this author).

While Hartmann's data surely prove that, indeed, the captains of industry are not global nomads, their characterization as quasi-locals seems a little overstretched as well. After all, the question remains, whether not moving away from the country of origin renders a manager automatically a "localist". Hartmann thereby incorporates Robinson's and Harris' (2000) conceptualisation of the transnationalist capitalist class as completely de-territorialized as the benchmark for class formation. However, it is surely possible, that these managers do have a "global" mindset, despite their status as non-migrants. Especially as they surely take advantage of the possibilities of short-term travel and global communication networks when managing the international subsidiaries of their firms. Indeed, qualitative studies have shown, that while the factual extent of the globalization of management careers may vary, the idea of "global management" represents an important organizational narrative, and serves as a legitimizing ideology for management decisions, including the appropriating higher salaries for managers (Mense-Petermann 2009, Mense-Petermann and Klemm 2009, Gottwald and Klemm 2009, Sklair 2001).

This discussion shows the potentials and pitfalls of the transposition of the Marxist domination approach to the global level. A great achievement of this line of reasoning is the conception of globalisation not as a purely systemic effect, but rather as the result of conscious collective action on the behalf of the owners of capital. Globalisation thus becomes a bit disenchanted from the nimbus of inevitability. However, the idea of the transnational capitalist class appears never quite as disentangled from the state, as the powerful prose of Robinson and

Harris would like it to appear. The domination of the owners of capital after all, needs legitimation, and at times requires the state's use of force to be upheld. Robinson and Harris are by no means oblivious to that, however their concept of the "transnational state" has been criticized as overly complicated, because it subsumes too many distinct groups (managers, high-ranking public officials, members of international and transnational organisations) into one (Embong 2000). The debates around the transnationalist capitalist class reinforce the argument made in Chapter Three (pp. 50), namely that it is necessary to move past the all-or-nothing approach to globalisation, of complete de-territorialisation versus everything else, to grasp the social formations in between. The empirical studies into the formation of the transnational capitalist class offer ample opportunity for that.

4.3 The Use of Bourdieu's Concepts in the Global Context

The third and final approach to class which has been employed in global or transnational contexts is inspired by Pierre Bourdieu. Despite the fact, that he wrote extensively about globalisation towards the end of his life, Bourdieu adhered to a territorial conception of society-state congruence. However, as I have shown in Section 2.3.3, the theoretical link between the state and classes is one of possibility, not necessity.

And indeed, his concepts are prominently employed in studies of transnationalism. This life-world-orientated perspective demonstrates that the experience of migration constructs transnational social ties and facilitates the development of a cosmopolitan world-view, thereby creating a "new transnational social space" and a transnational social structure (e.g. Pries 2010, Mau 2007, Nowicka 2006, Weiss 2005). In this vein, e.g. Nowicka (2013) and Weiss (2005,) argue, that high-skilled labour migrants might be constituting a "transnational middle class", comprised of "expatriates", who seek carrier opportunities abroad, the "global" feature of this class is their mobility, which hinges on the politically granted "autonomy over national borders" (Weiss 2005: 723). This concept of class thereby identifies class with the flow of people across borders. This mobility extends the social space of the migrant beyond the social spaces delineated by nation states. As such, the proponents of this approach extend Bourdieu's concept of social space along the lines of migration. Consequently, their concept of class is based on what I have identified in Section 2.2.4 as the "social space approach to class". The obvious problematic with this approach is that in order to effectively be understood as ‘global’, a class has to consist of people who are ore have been transnational migrants.

These authors focus on the notion of transnational capital in the context of global (or rather transnational) inequality. What marks certain forms of capital as transnational is that they are recognised across the spaces delineated by nation-states and thus confer a certain status to their holder. Weiss (2005) and Novicka (2007) show how traditional forms of social and cultural capital may change their value in the course of migration. Especially social and cultural capital are more often than not tied to specific places, and therefore decrease in value in the course of migration, leading to a symbolic exclusion of migrants in their host countries. However, transnational forms of such capital maintain or even increase their value and thereby secure the social position of the holder across state borders. In order to take advantage of this form of capital, the ability to transition between delineated political spaces becomes a prerequisite. Weiss (2005: 714) therefore argues that in a global society “[s]patial autonomy constitutes an advantage in itself”. Such spatial autonomy however is constituted in reciprocity to other resources, such as economic capital or cultural capital in the form of education or language skills. Perhaps more importantly, such autonomy is also dependent on one’s citizenship. For example, while a passport from EU-countries (which in Wallerstein’s World System Analysis are part of the central or metropolitan states) gives its holder visa-free access to between 143 and 158 countries, passports from the African continent allow unrestricted travel on a range between 93 countries (on a South African passport) and only 34 for Somalian citizens (Passport Index 2016). In turn, also the protection from the effects of the world economy a state can offer to its population varies according to its position in the world system: While Western welfare states can offer safeguards in times of economic hardship, the populations of poor states of the periphery are exposed to the whims of market forces.

What results from this approach to global inequality is a conceptual framework, which to a large extent reproduces Wallerstein’s world system stratified by nation states, as citizenship is a decisive factor for transnational movement and the integration into the world economy. However, Weiss argues that such an approach diverges in two aspects from Wallerstein’s original conceptualisation: Firstly, by focussing on migrants, her approach recognizes that social positions on a world scale are influenced by, but cannot reduced to citizenship, since migrants extend their social space beyond the borders of their countries of birth. Secondly, her research shows that the different endowment with forms of capital connects local with global stratification, since affluence creates a different kind of spatial autonomy, intersecting with citizenship:

> While the upper and some middle layers of world society extend their life-worlds to the globe, the lowest positions are affected by global dynamics, but reduced to their immediate surroundings in their opportunities for action (Weiss 2005: 716).

In consequence, this limits the effectiveness of the state for managing inequality. While the upper echelons of society create their own transnational social spaces, and therefore become independent of social regulations or can even exploit them to their advantage, the lower ranks of society "tend to be 'fixed' to disadvantaged locations and are lacking state protection from a globalizing economy" (ibid.). It is rather the middle strata of world society, i.e. the middle and lower classes in the Western welfare states, who rely on state provisions to secure their livelihood.

The approach to analysing global inequality through Bourdieu's categories however takes a slightly different turn when the notion of transnational capital is deployed outside the context of migration. For instance, in their study of the Swiss management elite, Bühlmann et al. (2013) show that specific forms of transnational capital, such as foreign language skills, increase the status of the holder within a local context, even though he or she may lack the experience of migration. In line with the thesis of a transnational capitalist class, Bühlmann et al. show that it is rather the context of work which is transnational, leading to a decline of the value of nationally based forms of capital.

What both approaches have in common however is that their reception of Bourdieu's theoretical framework remains incomplete insofar, as it is focussed on the forms of capital and *their* property as national or transnational. While the global economy forms a background to these discussions, the notion of the economy as a transnational field remains underexplored. The notion of class therefore becomes implicitly one of mere distribution, not one based on shared practices. However, the transnational nature of economic, cultural, or social capital points toward the necessity of describing economic fields as transnational fields. As I will argue in the next chapter, such an approach can indeed account for the formation of a global class.

4.4 Conclusion

In sum, studies of global, respectively transnational class formation focus either on organizations or migration as the driving 'globalizing factor' behind the phenomenon in question. As discussed in section two, in contemporary class analysis, class positions are primarily defined by positions in markets[13]. Their absence in the existing discourse on global class undermines the clarity of the concept, allowing for an all too easy dismissal of the issue.

As I showed in this chapter, there have been other attempts aiming at investigating global classes. I proceeded by examining these attempts: the individual attributes approach presents a problem of scalability, since the space of class-defining variables is too diverse on the world scale. However, the empirical data generated through this approach points towards a small group at the top of the global social structure which might form a global class. Similarly, the Marxist approach to the economy has generated the thesis of a transnational capitalist class, centred on organisational hierarchies and their positions of control. The focus of the Marxist "Transnational capitalist class" (TCC) thesis lies therefore on organisations as instances of globalisation. Bourdieu's theory of class has been utilised for the analysis of global class structures as well – however, only partially: while his capital theory has been employed to augment arguments in the discourse on the TCC, other features of his theory have been incorporated in research on "migrant middle classes". Both cases however only adapt partial aspects of Bourdieu's theory, and neither deals with the fundamentals of class formation, i.e., markets, on a global level. While the TCC thesis and the use of parts of Bourdieu's conceptual apparatus point in the direction of how to research global class formation, the existing literature only goes "half way"and does not engage with Bourdieu's cultural understanding of the economy. Especially the discourse on the TCC remains focused on organisations and forms of capital a means of (more or less) conscious domination in the setting of "objective" capitalist structures (e.g. Robinson 2011, 2012, Murray 2006). Bourdieu's field approach however allows to hone in on the changing form of economic exchange and its consequences not just for the power relations of society, but for the everyday culture of economic actors.

[13] As discussed in Chapter 2.3.2 (pp. 33-35), the predominance of markets arises from the reformulation of the Marxist notion of positioning class relative to the production process as positions on the markets for factors of production (labour, land, and capital)

PART TWO: The Formation of a Global Financial Class

I concluded the theoretical component of my investigation with the assessment that the research of global class formation requires a fresh look at how class should be conceptualised, going back to the question of how a class constitutes itself as a group. While many approaches to class focus on markers such as the distribution of income, or authority in the workplace, I follow the arguments of Pierre Bourdieu, who advocated for taking common engagement in a specific social field as the basis for class formation. Therefore, a global social field can form the basis for the formation of a global social class.

Following this discussion, I proceed by outlining the empirical part of this thesis. In Chapter Five I present my operationalisation of the research question in line with the theoretical framework developed in part one, followed by a description of the employed research methods in Chapter Six.

The first task in researching global class formation is to establish that a field is actually global. That financial markets are such a global social field is made clear in Chapter Seven by tracing the historical development of modern finance. Financial markets are central to the process of globalisation, and their functioning is founded on shared practices of the market participants. I analyse the process of financial globalisation through the practices that form the field and the institutions sustaining them and show how the field has transformed over the course of the twentieth century, from a nationally embedded field to a global field. The reason for this transformation is to be found in the evolution of the dominant practices, i.e., the rise of investment banking *vis-à-vis* traditional forms of bank-based lending. This change in practices and institutional structure is based on the propagation of investment practices, which change economic power relations in favour of financial professionals, who now occupy a central role in the power relations sustaining global capitalism.

As all forms of sociality, the field of global finance exists in a specific geography and encompasses distinct physical places. As I argue in Chapter Seven (pp. 88-95), the geography of global finance can be conceived of as a network of financial centres; global cities whose character is defined by the role they play in the transnational division of labour underpinning the field. In Chapter Eight I present my analysis of the local contexts in which I studied the formation of a global financial class, the financial centres of Frankfurt and Sydney.

In Chapters Nine and Ten I present my findings on the trajectories of financial professionals in the global field of finance, which I examined through narrative Interviews with financial professionals about their careers in the global field of finance, before I draw my conclusions in Chapter Eleven.

5 Approaching Class Formation in the Global Field of Finance

In part one of this thesis I have explored the arguments about globalisation and global class formation. I examined two prevalent theoretical approaches to globalisation - political economy and social theory - as well as contemporary approaches to class and found that in all of these bodies of literature, global class formation sits in a theoretical "blind spot". Although a global economy should lead to global class formation, the conceptualization of economic action as external to the social and the prevalent recursion to the state as a container of society preclude a standard approach to the issue of global class formation. I concluded my investigation by proposing that Bourdieu's field-theoretical approach to class, which allows for a differentiated view of the economy, represents the approach best suited for conceptualizing global class formation.

In the following discussions, I apply Bourdieu's field theoretical approach by analysing global financial markets as a site of class formation. In this chapter I lay out my research design built on the theoretical premises elaborated in Part One. In Chapters Seven to eleven I present the empirical findings of my field research, carried out through a review of the literature on global finance, an institutional comparison of the financial centres Frankfurt and Sydney and an interview study conducted with investment bankers from these cities.

5.1 Operationalizing Class: Trajectories and Careers

As I have discussed in Chapter 2.3 (pp. 31-38), the core of Bourdieu's social theory can be expressed through the formula *[(habitus) (capital)]+field = practice* (Bourdieu 1984: 101). This formula expresses the relationship between the incorporated set of dispositions (habitus), the resources needed to act upon these dispositions (capital), and the circumstances, or "rules of the game" (field), within which the resulting practice takes place. In "Distinction", Bourdieu (1984: 101f) developed this formula as a heuristic to uncover "the unity hidden under the diversity and multiplicity of the set of practices performed in fields governed by different logics and therefore inducing different forms of realization", or in other words, the principles of differentiation and inequality.

This formula can be read in two different ways: firstly, from a structural perspective, inspired by Bourdieu's earlier works, such as "Distinction". In this reading, social action (practice) is always pre-determined by the class structures embedded in the habitus, which have to be uncovered by social science. This structuralist view has been heavily criticised for its epistemological stance, which assigns a privileged position to the researcher as the individual that is able to uncover an otherwise hidden truth about society, somehow not accessible for its ordinary members (Boltanski 2011: 19ff).

The second way of reading this formula, which was later advocated by Bourdieu himself (Bourdieu and Wacquant 1992), focuses on the interrelation between the individual and the social field within which he or she acts. In contrast to the deterministic interpretation, the focus shifts from habitus as a pre-determining instance to the actions undertaken within the field, which in turn relate to and produce its structure and thus form the habitus.

> It is the field which is primary and must be the focus of the research operations. This does not imply that individuals are mere "illusions," that they do not exist: they exist as agents—and not as biological individuals, actors, or subjects—who are socially constituted as active and acting in the field under consideration by the fact that they possess the necessary properties to be effective, to produce effects, in this field. And it is knowledge of the field itself in which they evolve that allows us best to grasp the roots of their singularity, their point of view or position (in a field) from which their particular vision of the world (and of the field itself) is constructed (Bourdieu and Wacquant 1992: 107).

As I have argued in Section 2.3.1, this also shifts the context of class formation from the abstract social space of all possible social positions into the differentiated fields of social action. Differentiated fields have an irreducible and specific logic and structure, with which the agents in the field engage. Bourdieu employs the metaphor of the field as a game, defined by "regularities",[14] in which the agents engage in order to improve (or defend) their social position. It is in this engagement that the various forms of capital are utilised, and a habitus is formed.

> To be more precise, the strategies of a "player" and everything that defines his "game" are a function not only of the volume and structure of his capital at the moment under consideration and of the game chances […] they guarantee him, but also of the evolution over time of the volume and structure

[14] Bourdieu argues that because fields are not consciously created, but historically emergent, they do not follow codified rules. What appears as the "rules of the game" are rather historically contingent, regular ways of social engagement, which arise out of the interrelation between the interactions of agents and the history of the field.

of this capital, that is, of his social trajectory and of the dispositions (habitus) constituted in the prolonged relation to a definite distribution of objective chances (Bourdieu and Wacquant 1992: 99).

Hence it is not only the endowment with capital in all its forms which creates a class, but also the collective "movement" in the field under the utilisation of the available stocks of capital. It is the experience of this movement, the learning of appropriate strategies to engage in repeating "game situations" based on the available capital, which becomes incorporated (in the literal sense of the word) into a habitus. Therefore, the Bourdieusian perspective on class does not limit itself to an "objective" measuring of the resources a group of people commands, but foregrounds precisely what these people do with these resources and how they engage in the social world. It is the collectivity arising from similar social positions and the collective action (in the sense of shared practices) that creates collective, standardised trajectories of the agents within a social field. The practices employed in the competition within a field can, and often do include modes of action geared towards the closure of a group as a class. Hence it is through these collective trajectories that the structure of a field, and thereby whether it produces a class, becomes observable.

In the context of my inquiry into global class formation on financial markets, the observation of trajectories within the financial field can consequently answer three central aspects: firstly, it allows one to determine the structure of the field, especially in terms of its globality, and the engagement of the agents in the field with this global aspect. It also allows, secondly, for the observation of social closure and conflicts that arise in the field. Thirdly, it makes possible the observation of differences over time and in terms of locality.

While the primary question is whether a collective trajectory across locations can be observed, the third point is especially important: class formation is a process, unfolding over time. In regard to the question of globality, the assumption necessary for the formation of a global class is therefore one of homogenisation: do trajectories observed in different localities become more similar over time, or do local configurations continue to dominate?

Another important point in this regard, as I have discussed in the chapter on financial markets, and in the section on the global capitalist class, is the role of organisations. Research on markets and globalisation is centred on the role of organisations as actors. By studying trajectories in the field of investment banking I take a step back from this established paradigm and bring individual agents and their engagement in the market to the foreground.

Trajectories, however, are commonly understood to be careers, which in turn depend on organisations. Thereby an analysis of trajectories *as structures of a field* offer insight into the relationship between the members of the prospective global financial class and the organisations that employ them. There are important differences between the theoretical stance I take when studying trajectories in the field of investment banking and the established literature on careers. In the following sections I discuss the development of career research, and how it relates to the approach of field theory, before presenting the results of my research.

5.2 The Conceptual Development of Career Research

The field of career theory was established in the 1970s as a trans-disciplinary research program, which drew its main influences from management and organisational studies and social psychology. The established definition of what constitutes the field's object is that a career is "the unfolding sequence of a person's work experience over time" (Arthur et al. 1989: 8; Arthur et al. 2005: 178). While this minimal definition has survived since the mid-twentieth century beginnings of the field, the nature of careers and the perspectives on them has changed significantly since.

The stance of traditional career research was informed by the social and economic conditions pervasive in the industrial capitalism of Western countries during the middle decades of the twentieth century. This era was characterised by low rates of unemployment, a dominance of the manufacturing industry with regulated and stable employment relations, and income levels allowing for a "male-breadwinner-model" of family income, i.e., salaries high enough to not only sustain the worker, but also his (traditionally gendered) spouse and children. In this context, a specific institutionalisation of the life course developed, based on a certain normative model of biography (Heinz 2005: 187f): for men, it was the norm to follow the life course of education (youth) – work (adulthood) – retirement (old age), centred on the world of work (Kohli 1986), whereas for women the normative sequence to follow was education – employment – mother and homemaker – employment (Born et al. 1996), with the focus on family and domestic life.

The normative bearing of these idealised life courses was born out of the relative stability of cultural values, norms and social structures in the middle of the twentieth century. This is reflected not only in the gender norms underlying these separate model biographies, but also in distinct markers of age, status, and transitional points in the course of a career (Heinz 2005: 187). A major factor for this stability was the corporatist arrangement, in which the stable workplace relations allowed for single firms and organisations to occupy a central role in the working life of their employees. The main object of study for career theory therefore was initially the progression of an individual through positions in an organisation. In consequence, the majority of the literature on careers focuses on the organisation and the individual as the sole two elements of interest when studying careers, whose interaction in turn yields two defining viewpoints: from the perspective of the organisation, the decisive question in the study of careers is how to find the "right" individual for a specific position, whereas studies focusing on the individual try to answer questions about what the required attributes of individuals are to attain certain positions, or how "career success" in its various definitions can be achieved. Both views, the former most prominent in literature on management and personnel development, the latter mainly in psychological literature, ultimately find careers to be determined by either organisational decisions or individual traits and aspirations (Peiperl and Gunz 2007).

A paradigmatic example for the traditional approach is Edgar Schein's (1971) organisational career model. At the centre of this model lies a conception of the firm as a functionally differentiated, hierarchical entity, represented in the shape of a cone (Figure 6.1). In this model, the career paths of individuals can progress in three independent dimensions: vertically, along increasing ranks of authority, horizontally, across different areas of specialisation or departments, and radially, corresponding to the notion of "centrality" within the organisation, i.e., whether the individual belongs to the "in-group" within the organisation, to be included in important communications and decisions, or not. Corresponding to the types of movement, the structure of the organisations is defined by three types of boundaries: hierarchical boundaries separating levels of authority, inclusion boundaries separating degrees of centrality, and functional boundaries between specialised sections or departments. For the classical analysis of careers, the filters of these boundaries form the central point of interest, as the criteria which allow an individual to cross these boundaries hold crucial information about how an organisation is functioning, and how individuals and the organisation interact. Crucially, the crossing of these boundaries is thought to be guided by rational criteria, which the organisation applies to an internal pool of possible applicants, i.e. an internal labour market.

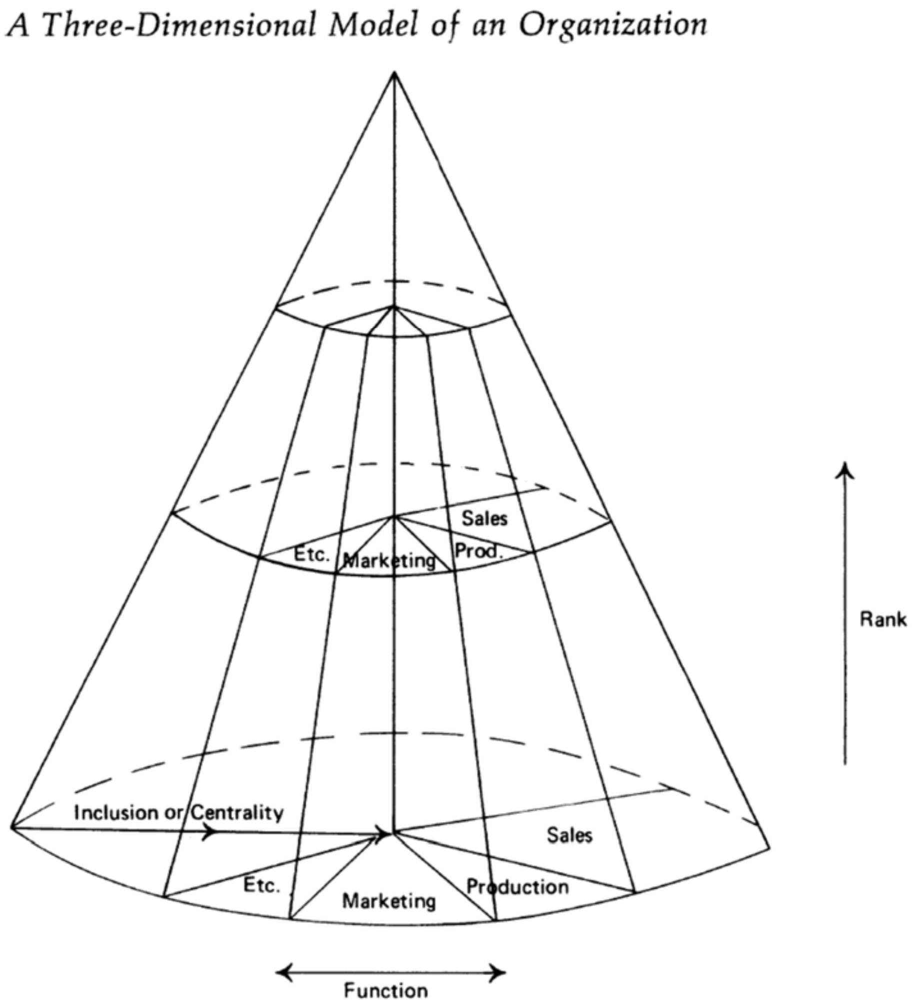

Figure 5-1: A three-dimensional model of an organisation (Schein 1971: 404)

The corresponding concept of the individual in Schein's model is built around the assumptions of role theory. The psychological structure of the person in question may contain various traits of beneficial or detrimental effect to one's career. Their effect is however mitigated through the socialisation into and acculturation to the function a person fulfils (or aims to fulfil) within the organisation. While the "deep structure" of personality, talents, and traits is seen to indeed influence the aptitude for specific positions, careers are seen as an effect of people's ability to adapt to certain demands an organisational position imposes on them. Consequentially, the intra-organisational validation of these abilities is seen as the central motivation underlying careers, making the organisation a central factor in the shaping of its employees' identities.

Since their development during the middle of the twentieth century, such simple models of organisations and of the careers within them have been subjected to profound challenges and revisions. A major point of critique has been the de-contextualised perspective depicting careers simply as “people moving up the corporate ladder”. Instead, a broader understanding on careers was established, locating them at the “intersection of societal history and individual biography” (Grandjean 1981: 1057). While the traditional model of careers focuses either on the organisational determination of career paths or on individual agency and attributes, mirroring the wider structure-agency debate in the social sciences, such a broader perspective not only underscores the interaction between these two dimensions, but also takes the wider societal context of the working life into account. In their review of management literature, Mayerhofer, Meyer, and Steyrer (2007: 217ff) identify four levels of contextual factors in the research on careers. These contextual factors pertain firstly to the societal configuration on the widest scale; factors such as demography, relations of ethnicity and gender, and how the integration into certain communities and cultures affect both individual and organisational attitudes and decisions, thereby shaping the space of possibilities in which careers take shape. On a second level lies the “context of origin”, comprising social and class backgrounds, the educational socialisation, individual work histories, and current life situations, which interact with individual career patterns. Again, this shapes individual agency as well as organisational planning. Finally, the immediate surroundings of an organisation have the most direct influence on careers: the functioning and structure of the labour market, the form of the organisation of work in general, and the immediate social environment – one’s direct social relations and networks – can either infringe or enhance career opportunities for-, and aspirations of individuals, and thus need to be considered by organisations in their planning.

With this wider perspective on careers it is not only the boundaries within the organisation identified by Schein (1971) which are of interest, but also the external boundary of the organisation that comes into focus. Careers, in this perspective, are not determined by individual and organisational decisions alone – they arise out of the threefold interplay between the organisation, the individual and their respective contexts.

A primary link between the inside and the outside environment of organisations is found in the biography of the individual. One’s abilities and identity are shaped primarily by life experience outside of the place of work, long before socialisation into an organisation begins.

But the contextual factors identified by Mayerhofer and his colleagues. (2007) also work on organisations directly and influence their internal structures and dynamics. Specific ties to a community, the general economic environment, the labour markets an organisation recruits from, its history, and the dominating norms and values in society, are all contexts which an organisation must take into account when determining their form and strategies.

The increased attention of career research to factors outside of organisations reflects the social and cultural changes of recent decades. While the traditional models of careers and organisations stem from a time of relative normative, cultural, and economic stability, newer approaches to career research engage more actively with the changing social environment of work and careers.

5.3 Organisations and Careers in Globalisation

An important force in the transformation of the world of work over the past three to four decades has been globalisation. The process of globalisation is intractably enmeshed with the development of new organisational forms, and new forms of work. Consequently, the form of careers and how careers are perceived has changed as well. However, as discussed in Chapter Three (pp. 42-51), the debates on the nature, causes and consequences of globalisation are manifold. This renders any discussion like the following necessarily selective.

The changes on the level of the firm saw firstly a transformation towards internationalisation with the increasing importance of world markets. This pertains on the one hand to the increase international trade, and on the other to the globalisation of production. While both phenomena have a long history, dating back to the origins of capitalism (Wallerstein 1974, 2004), their importance has vastly increased with the current wave of globalisation since the 1970s. The consequence of the prominent role of world markets has altered the demands on organisations in multiple ways. With an increase in global trade comes the requirement to be able to engage with actors in the marketplace outside local contexts, which makes the acquisition of knowledge and information across borders and cultural customs a necessity in terms of business interests and demands an opening up of firms to outside influences. Further, technological innovation and globalisation, especially through financial markets, increase all-round competitiveness, requiring ever faster responses by firms, leading to a paradigm of organisational flexibility (O'Brian and Williams 2008: 174ff, Inkson 2008: 546ff).

This finds its expression in new organisational forms, the most prominent example of these being transnational corporations. Such multinational enterprises are both a result and a driving force of economic globalisation. Transnational corporations integrate the global production process either vertically (when different stages of production occur in different countries), horizontally (parallel production in multiple countries), or as conglomerates (across a wide range of products and countries to diversify risks) through a unified structure of ownership (O'Brian and Williams 2008: 179). While classical organisational theory conceptualised the firm as a singular unit, directed by clear, centralised hierarchy of management, the physically dispersed structure of multinational corporations requires a more flexible organisational structure. The geographical dispersion of the sub-units of such firms requires the ability to operate in multiple local contexts simultaneously and leads to strong intra-organisational differentiations between local subsidiaries. Based on multiple case studies of transnational corporations, Ghoshal and Bartlett (1990) argue that the dispersed structure of such firms should be described as an inter-organisational network rather than as a centralised hierarchy. While such a hierarchy exists formally, the everyday business in transnational corporations is defined by the local and international contexts of specific subsidiaries, who pursue their business with a relatively high degree of operational autonomy. This can lead to diverging interests between different subsidiaries, and to contesting business strategies and struggles over authority within the same company.

However, it is not just transnational corporations who have adopted a network paradigm. A second main "transmission belt" of economic globalisation exists in the networks of small- and medium-sized enterprises, specialising in economic niches as parts of global value chains (Gereffi, and Korzeniewicz. 1994, Castells 2000: 172ff). In such chains, the production process is segmented along various small firms, often in different countries. While such firms are not part of transnational corporations, their network of customers, partner firms, and subcontractors creates a flexible economic structure, linking firms closely with each other, thereby mitigating competitive market relations. Although organisationally independent firms, their embeddedness in these dense economic networks renders their external boundaries porous, as the strong cooperation within such networks creates interlocking work environments, thereby diminishing organisational autonomy.

In the literature on management, these developments find their expression in a turn away from the prescription of hierarchical organisational structures. As such economic environments demand organisational flexibility and the workplace becomes increasingly organised around projects, paradigms such as the "network organisation" or the "boundaryless organisation" (Gebhard 1996, Ashkenas et al. 1997, Robbins and Coulter 2015: 346-360) have emerged. The aim of such organisational strategies is "to eliminate vertical and horizontal boundaries [within the firm] and break down external barriers between the company and its customers and suppliers" (Robbins and Coulter 2015: 348) in order to efficiently organise the workflow and the transmission of knowledge and information along the chain from suppliers to customers.

Although the extent to which such practices are actually implemented, and the amount of intra- and inter-firm boundaries actually disappearing to the degree described in management textbooks, are both disputed (see for example Newell et al. 2001, Victor 1994), the discourse on these forms of organisational design has nevertheless sustained a change in perspective on careers and the world of work.

Corresponding to the concept of the "boundaryless organisation", the idea of the "boundaryless career" (Inkson 2008, Arthur et al. 2005, Arthur 1994) has found traction in the literature since the 1990s. Conceptualised as an antithesis to the model of the organisational career, this model aims at capturing the effect of the changes in the economic, organisational, and normative structures on career paths. As the flexibilisation of organisational forms and employment relations breaches the traditional "psychological contract expectations" (Slay and Taylor 2007: 379f) of security, stability and loyalty between employer and employee, the perspective on working life becomes increasingly disentangled from the idea of a lifetime job. These factors have led to a re-evaluation of the assumption that careers would be a primarily organisational matter, to be managed by human resources departments. Instead of seeing careers as determined by organisational management and structures, increasing attention is now being paid to individual agency. In this respect, the concept of the "boundaryless career" is closely related to the model of the "protean career", which comprehends careers as "based upon individually defined goals, encompassing the whole life space, as well as being driven by psychological success rather than objective success such as pay, rank, or power" (Briscoe and Hall 2006: 6). These approaches complete thereby the turn from conceptualizing careers as an objectively assessable pathway within a definite framework and clear outcomes to a more subjective conception, centred on a more holistic conception of the individual.

As critics have remarked, these models easily fall prey to propagating "images of talented men and women, liberated from the constraints of organizational life, moving autonomously to exciting opportunities and developing ever more interesting and prosperous careers" (Inkson 2008: 555), despite the fact that for many people such work arrangements primarily mean insecurity and precarisation (Hirsch and Shanley 1996). The possibility of such careers, and the consequences of such a lifestyle, depend on the specific social context of the individual, and the resources she has available.

In order to avoid these pitfalls of mono-directional reasoning, Mayerhofer et al. (2007) argue, that career research needs to move beyond such "surface views", and employ "full-scale" social theory (Mayerhofer et al. 2007: 228ff). Such theories need to "offer a reflexive relationship between action and structure; go beyond the organisation as the main point of reference; avoid the selective bias or one-sided choice of objective versus subjective career and include neglected areas such as power distribution and inequality" (228). As I have shown in the discussion at the beginning of this chapter, it is precisely this perspective which spells out the merits of field-theory.

5.4 Career Research and Class

The difference between the perspective of career research and understanding careers as trajectories in a field lies in conclusion primarily in how the relations between the subjects of interest are conceptualized. While career studies in their various incarnations focus on the one hand on the individual and its traits and decisions, and on the other hand on organisations, their structures and their management, field theory takes a wider approach, as it conceptualizes individuals not as monads, but rather as socially constituted agents. Thereby, it avoids the externalisations of career theory, such as taking psychological traits or management rationalities as given. It rather views these aspects as emergent properties of the social setting individuals and organisations are engaged in.

These differences have significant implications for research on class. Within the framework of career research, the category of class does occupy a central role, ever since Peter Blau's and Otis Duncan's contribution "The American occupational structure" (Blau and Duncan 1967) demonstrated that class background is a central determinant of career attainment. Careers also receive considerable attention in studies of social mobility, as the "pathway up the corporate ladder" usually entails an increase in income and status (e.g. Matthys 2013, Bertaux and Thompson 1997, Lipset and Bendix 1991). However, the relationship of class and career is usually seen as deterministic: Depending on the viewpoint, class is either seen as determining career outcomes, or career attainment is taken as synonymous with the social mobility of an individual between pre-existing categories of class. As theoretical categories originating in different contexts of theory and research, one usually remains external to the other.

What the perspective of field theory in contrast allows for, is the examination of the co-constitution of class and careers. As elaborated in section 2.2.4, the fundamental assumption is, that fields are based on a set of *regularities*, shared practices in the use of different forms of capital and a shared *illusio*. Therefore, a field-theoretical approach is most suitable for researching class formation.

6 Research Design and Methods

The purpose of this study is to examine whether the formation of a social class can be observed on the global level using Bourdieu's Field Theory; the overarching research question driving my enquiry being: Is there a global class forming on global financial markets? Throughout the preceding discussions I have established the parameters of addressing my area of enquiry by examining perspectives on globalization in relation to class formation, identifying three approaches that typify the existing arenas of academic interest. These include the individual attributes approach, class as opportunity hording and class as a critical approach to domination and exploitation. In approaching the global framework of contemporary society and the diffusion of identities and experiences beyond national boundaries, I have taken the economy as one particular arena in which limitations concerning the contemporary applicability of class theory is acutely visible. With regard to the global economic structures that occupy the international form of contemporary social relations, the concept of class in academic discourse appears to present researchers with obstacles which, as I have argued, can be overcome, with a refocused approach to Bourdieu's notion of the field in the global arena. In order to begin addressing the gaps raised within the 'age of globalisation,' finance has thus been taken as an arena in which class formation may be both identified and scrutinised in the basis of a Bourdieusian approach.

6.1 Research Questions

The first task in researching whether a global class is forming on the financial markets is to establish that the financial markets actually are a global social field. In order to achieve this, I trace the historical development of modern finance through a review of the literature on the topic.

Every market and every social field has a specific geography, where the interactions that make up its "social microcosm" take place. As I discuss in Chapter Seven, for finance these are the financial centres of global cities. When researching a field this geography needs to be considered, as it provides important context for the analysis of the field. In a second step (Chapter Eight) I therefore examine the institutional configuration of finance in two financial centres, Frankfurt and Sydney, as the possible locations for the formation of a global class, since these are financial centres of comparable size, but with distinctly different institutional and historical background (discussed in more detail below in section 6.2). The comparison of two sites serves to validate the research results, as a global field should produce similar outcomes in both locations.

In a third step (Chapter Nine), I finally examine the formation of the global financial class following the operationalisation of Bourdieu's field theory developed in Chapter Five. The central question guiding this component of my enquiry being: Do trajectories observed in different localities become more similar over time, or do local configurations continue to dominate? Through the observation of trajectories within the financial field I identify three central aspects as class formation on the basis of the Bourdieusian approach. Firstly, insights into what the structure of the field of finance is, especially in terms of its globality, and the engagement of the agents in the field with this global aspect. Secondly observations of how boundaries between groups are drawn and what conflicts arise in relation to both those actors that comprise the everyday workings of the field and the degree to which they play back on the structure. And, thirdly, insights into differences in the field and actor experiences over the historical trajectory of careers and the experiences and importance of locality more broadly.

In order to answer these questions, I have conducted a qualitative interview study with financial professionals from Frankfurt and Sydney, reconstructing their career trajectories. Via this reconstruction I examine the role of social, cultural and economic capital in the field of finance, and argue that a formation of a shared worldview (doxa) and of a shared habitus takes place, thus identifying financial professionals as a global social class.

6.2 Choice of Research Sites

Just as markets do not exist in a vacuum, but are tied to physical places (Sassen 1991, 2005), processes of class formation occur in distinct geographical locations. Just as the working class in the 19th century developed in specific industrial cities, forming their specific social character (Thrift and Williams 1987), a global financial class would form in the financial centres of contemporary "global cities". Among those, it is not the first tier (New York, London, Tokyo) that is most interesting, since these cities occupy the central positions within the global hierarchy and therefore already embody globality to an extent that will likely lead to conflating the "globality" with the "local identity" of these cities. This point has been made e.g. by Ho (2009) in her ethnography of Wall Street, by showing that, as a financial centre, Wall Street does not see itself as part of a global system, but rather as a world of its own, precisely because of its fundamental significance for the rest of the world. Similarly, Meier (2012) shows, that the performance of class and identity of financial professionals varies with the centrality of their workplace in the global financial network and is stronger accentuated in peripheral cities. Therefore, the method of critical case sampling (Patton 1990, Morse 1998) seems more promising in choosing the research cities. This directs my attention to the "second tier cities" (Sassen 1991), like Frankfurt, Zürich, Sydney or Sao Paulo, for which the financial industry is of great importance. Those cities are the hubs connecting the global to the continental financial markets. Thereby they also serve as the "locations of globalization" (Castells 1996) for their countries. Therefore, strong contrasts between the supposed global class and other social groups in those cities can be expected, which renders them critical cases for this study.

For organizational as well as theoretical reasons I chose to compare Frankfurt, as the primary continental European financial marketplace, and Sydney as the Australian financial centre with strong ties to US- and Asian markets. These cities are situated in countries of different economic and social traditions: While the Australian economy is in generally classified as a typical liberal market economy akin to the UK and USA, it has a nevertheless a strong protectionist tradition and a distinct institutional arrangement for trade-, labour-, and financial regulation. The Australian economy is highly internationally integrated. Although the economic policy is one of liberal free market economics, many economic sectors – including banking – are dominated by oligopolistic structures. Even though it is one of the richest OECD-Countries, Australia runs a current accounts deficit and is a net importer of capital. In regard to finance, the high indebtedness of the private sector and the high exposure to Asian markets are the primary concern since the crisis of 2008 (Chester 2011). In contrast, Germany is an export-orientated, continental economy with a strong corporatist legacy. The financial sector is de-centralized and historically played an important role in the coordination of the German economy. Frankfurt is the most important financial marketplace within the Euro currency area (Beyer 2009, Wetzel et al. 2010). The economic function of the cities and their independence from each other renders them critical cases for examining the formation of a global financial class. Their different backgrounds in liberal- respectively coordinated market economies thereby also allow to examine the contested question of the relative importance of national socio-economic conditions vis-à-vis a global social structure (as discussed in Chapter Three, pp. 42-51), the field of global finance. Therefore, comparing these cities on an institutional level and conducting an interview study with two groups of financial professionals from those cities should allow insights into the nature of the globality of the financial class, and how it relates to the different local economic and political preconditions.

6.3 Research Design and Method of Analysis

As I have laid out in the previous chapter, my operationalisation of class formation follows the field-theoretical approach, which focusses on the trajectories of agents in the field as an access to the microstructure of the field and the social process of class formation. This orientation towards social processes situates my research within the broader frame of qualitative social research (Atkinson et al. 2001, Atkinson 2005). Empirically, by focusing on the social processes that create the field of finance as a global entity and their consequences for the social world, my research alludes to the approaches of institutional ethnography (DeVault/McCoy 2012, Smith 1999) and the ethnography of infrastructure (Star 1999). These approaches are informative for my research since they provide frameworks for integrating multiple research sites and data sources across various local settings and offer a perspective on including textual and technical aspects of the market as an institution, respectively as a global infrastructure into ethnographic research. By following these approaches, I view my informants less as a sample of a populace to generalize about, but rather as experts on "the social processes that have generalized effects" (DeVault/McCoy 2012, p. 383), specifically on the "social forms of knowledge, coordination and control" that shape their lives (ibid., p. 385).

My empirical analysis follows the logic of a purposive-sampled qualitative study (Wejnert and Heckathorn 2011). The data presented consist of twenty-two interviews conducted with current or former professionals in investment banking from Frankfurt and Sydney. The sample was purposefully constructed to cover the different areas of operations within the sector (corporate and private finance, trading, mergers and acquisitions), as well as different cohorts of professionals to capture the change of the field over time (Crouch and McKenzie 2006:25-26).

For the analysis of the interview data I adopted an analysis situated with the tradition of *grounded theory methodology* (Glaser and Strauss 1967). In particular, the adapted ‘Constructivist’ version of grounded theory developed by Charmaz’ (2000. 2006, 2008) was employed. *Constructivist Grounded Theory,* as it is deemed most appropriate based on its capacity to guide data interpretation on the provision of a ‘systemic, yet flexible [set of] guidelines,’ which allows for categories to “emerge from the data” and for the participants views and expertise, as relating to the field of enquiry to sit central to the analysis, rather than outside of or external to it (Charmaz 2006:2 and 2008:402).

Following the constructivist approach to data collection *theoretical sampling* (Charmaz 2000:519) was employed after the initial purposive derision of initial phase participants. This was achieved through a "snow-balling" approach that was made possible after a professional network of contacts in each of the localities was established. Theoretical sampling enabled the comparative purposes of the sample to be developed on the basis of a developing set of *tentative categories* (2000:519) which formed the basis for the second and subsequent round of interview questions which worked to achieve a saturation of data that, in the final phase, lead to the delineation of 'substantive category' formation (2000:519).

Through the data analysis phases *coding* and *memoing* (Charmaz and Henwood 2008:242) was used in order to ensure that a crystallisation of the core themes could be correlated in the subsequent analysis stages. The resultant formation of theoretical codes assisted the finalisation of substantive categorisation and the formation of themes, as addressed in the findings and discussion chapter that follow.

Importantly, and in line with a Bourdieusian approach, the Constructivist Grounded Theory employed in the research design and execution of the empirical component of this study enabled me to delve into discussion that could cover the various forms of capital experienced by respondents.

The interviews with financial professionals were structured as relatively open conversations, initiated with the question "How did you come to work in finance?". This style of interviewing allowed for the open discovery of themes relevant to the respondents and for their exploration. After the initial narrative was exhausted by the respondent, supplementing thematic questions were woven into the conversation, such as educational background, family life, international work experience, cultural preferences and workplace culture. The choice of these themes originated from the theoretical reasoning underlying this research project and later, according to grounded theory methodology, covered working hypotheses or questions emerging from the analysis of previous interviews.

6.4 Description of the Sample

Participant recruitment and interviewing was undertaken between October 2014 and June 2016. The sample was augmented with four expert interviews with advisors for global mobility and senior staff from finance-oriented business schools in both cities (see table 7-3). All names and companies have been anonymised.

Both samples (see tables 7.1 and 7.2) contain members of three cohorts: the youngest cohort is aged between 25 and 35 and consist of recent entrants to the field. The second cohort is aged between 40 and 50 and represents established professionals in the midst of their professional lives. The third cohort is between 50 and 60 and contains recently retired professionals as well as two members of upper management.

Sydney

Name	Current/ Last Position	Age	Education	Previous Work	Entry Position	Highest Position	Years at first firm	Number of firms worked for in finance	Years at current/ last firm	locations of work over career	Longest internat. work placement
William	Associate Analyst (M&A)	27	University (Business)	Auditor	Analyst (junior)	Analyst (junior)	1	1	1	Sydney	n/a
Yannik	Derivatives Analyst	30	University (Mathematics)	n/a	Analyst (junior)	Analyst	8	1	8	Frankfurt, Sydney	6,5
Thomas	Derivatives Broker, Mortgage Broker	30	High School	Retail	Broker (junior)	Associate	2.5	3	3	Sydney	n/a
Kim	Finance and Tax Management, Analyst	46	University (Economics)	Public Service, Reserve Bank	Analyst	Project Manager	3	4	2	Sydney	n/a
Nicolas	Executive Director, Capital Markets	47	University (Business/ Accounting)	Accounting, Tax	Analyst	Executive Director	1	6	20	Sydney, Hong Kong, Sydney, Hong Kong, Sydney	3,5
Georg	Managing Director Financial Outsourcing	54	University (Business Education)	Education and Training, Accounting	Auditor	Managing Director	11	1	11	Berlin, USA, D, GB, F, Sydney	7 (relocated)
Joshua	M&A Consultant	56	University (Economics), Hospitality	Insurance Analyst	Analyst	Team Leader	1	5 (+self-employed consultant)	1	Sydney, Los Angeles, Sydney	1,5
Michael	CEO	57	University (Economics)	Retail	Analyst	CEO	1	4 (+1 secondment)	30	Perth, Melbourne, New York, Sydney	2
Sebastian	Consultant, Managing Director M&A	60	University (, Economics & Law)	Public Service, Treasury Department	Lawyer	Executive Director	25	2 (+self-employed consultant)	4	Sydney	n/a
Dave	Head of Risk Management	62	University (Mathematics, Political Science)	n/a	Analyst						

Table 6-1: Interview Sample (Sydney)

Frankfurt

Name	Current/ Last Position	Age	Education	Previous Work	Entry Position	Highest Position	Years at first firm	Number of firms worked for in finance	Years at current/ last firm	locations of work over career	Longest internat. work placement
Elias	Back Office, Accounting	25	University (Business) Bank Apprenticeship	n/a	Back Office Clerk	-	3	1	3	Frankfurt	n/a
Stefan	Portfolio Manager	28	University (Business)	n/a	Analyst (Junior)	Analyst	8	1	8	Frankfurt	n/a
Ramin	Analyst M&A	32	University (Business)	n/a	Analyst (Junior)	Analyst	2	2	3	Frankfurt	n/a
Jan	Head of Trading	32	University (Mathematics/ Economics)	n/a	Analyst (Junior)	Team Leader	3	2	7	Hamburg, Frankfurt	n/a
Dimitris	Head of Product Development	33	University (Mathematics)	n/a	Product Developer	Team Leader	5	2	6	Frankfurt	n/a
Linus	Team Leader (M&A)	33	University (Business)	n/a	Analyst (Junior)	Team Leader	8	1 (+1 secondment)	8	Frankfurt, Sydney, Frankfurt	5 years
Carolin	Team Leader	40	Bank Apprenticeship	N/a	Internat. account manage-ment	Capital Market Strategy advisor	10	2	0.5	Bremen, Frankfurt	n/a
Jens	Institutional Broker	47	Bank Apprenticeship	n/a	Broker (Junior)	Team Leader	16	4 (+1 secondment)	5	Frankfurt, Tokio, Frankfurt	3.5 years
Hans	Equity Sales Manager	50	High School	Public Official	Trader (Junior)	Team Leader	9	3	8	Frankfurt, London, Frankfurt	1
Christopher	Managing Director, Product Sales & Key Accounts	52	University (German Studies)	Temp/Office assistant	Assistant (Trading)	Managing Director	2	8	1	London, Berlin, Frankfurt, London, Frankfurt	Multiple, relocated

Name	Current/ Last Position	Age	Education	Previous Work	Entry Position	Highest Position	Years at first firm	Number of firms worked for in finance	Years at current/ last firm	locations of work over career	Longest internat. work placement
Andrej	Chief Risk Officer; Deputy CEO	56	University (Law)	Sales/ Management Wholesale trading firm	Executive Assistant	Deputy CEO	11	2 (+1 secondment)	3	Frankfurt, Zürich, Frankfurt	10 years
Helmut	Executive Director, Member of the Board	60	Bank Apprenticeship, University (Economics)	Market Research	Assistant (Sales)	Executive Director	4	4	2	Frankfurt, London, Frankfurt	1.5 years

Table 6-2: Interview Sample (Frankfurt)

Expert Interviews

Position	City
Business School, Head of Teaching	**Frankfurt**
Global Mobility Coordinator, Financial & Advisory Service Provider	**Frankfurt**
Headhunter	**Frankfurt**
Dean of Business School	**Sydney**
Global Mobility Coordinator, Financial & Advisory Service Provider	**Sydney**

Table 6-3: Interview Sample (Expert Interviews)

These age cohorts however do not directly correspond to positions within the corporate hierarchies: in the youngest cohort, one participant from Sydney (Thomas) has already left the banking sector and one from Frankfurt (Linus) moved to real-estate finance; in the second cohort, Kim (Sydney) as well as Carolin and Jens (Frankfurt) have left investment banking. This cohort also contains professionals from the top tier of management as well as from the level below. The third cohort has, with the exception of Christopher (Frankfurt) and Michael (Sydney), retired completely from their corporate roles; however, all of them are still active as self-employed consultants or advisers.

The most problematic aspect of my sample is that it only contains two women (Kim and Carolin); and Kim is also the only non-white participant in my research. While this is – according to the discussions with my interview participants – actually representative of the lack of women and ethnic minorities in the industry in Frankfurt and Sydney (as discussed in Chapter 10.3, pp. 176-178), it is nevertheless problematic to rely on only two narratives from this particularly crucial viewpoint.

As is the case with all qualitative research, I cannot make generalised claims of representativity from this sample. What this research strategy does allow me to do is to reconstruct the perspectives of individuals on the field and their roles within it. From this I can identify the "forces" (Bourdieu) active within the field, and how the agents in the field engage with them and navigate their trajectories. By reconstructing the trajectories, I can therefore also reconstruct the structures of the field. In this process, the comparison between Frankfurt and Sydney, as well as the narrations of my participant's international work experiences, generate insight into the "global" aspects of investment banking central to my research question. Processes of homogenisation and differentiation, local differences and particularities, as well as issues of culture, fall under this category.

7 Financial Markets as a Global Social Field

The purpose of this chapter is, following the research strategy laid out above, to analyse "global finance" with the theoretical perspective of field theory. It is the ambition of field theory, as understood by Pierre Bourdieu, to "break with the dominant paradigm" in economics, and instead "attempt to construct a realist definition of economic reason as an encounter between dispositions that are socially constituted (in relation to a field) and the structures, themselves socially constituted, of that field" (Bourdieu 2005b: 75). This is only possible by foregrounding the "[…] historicity constitutive of agents and of their space of action" (ibid.). Therefore, this chapter will begin by tracing the origins of modern financial practices

7.1 The Object of Finance

Conventionally, the object of finance is considered to be the investment of money via forms of credit. Orthodox economic theories start from the assumption that money is "just another good", a commodity, which allows its owner to participate in those market economies where transactions are conducted through the use of money. In this perspective, money is a commodity which provides its holders with the liquidity for exchange. Consequently, it has four functions: it operates as a medium for exchange, provides a means of payment, it serves as a unit of account, and as a store of value. Finance, in this view, is the "automatic use of holdings of money as a store of value in order to facilitate investment and further exchange, equating saving and investment at a market-clearing rate of interest and maintaining macroeconomic equilibrium" (Langley 2002: 28). In other words, finance is concerned with mobilising capital, held in the form of savings, by offering the savers a price (interest) for taking the risk of investing it in an enterprise. As the price is set through the objective mechanism of supply and demand, the credit process rises automatically from the demand for money. In orthodox economic theory, not much attention is paid to the nature of money, because in the form of a commodity it is considered to originate outside of the market transaction (Guttmann 1994: 19-44).

From the perspective of sociology however, the orthodox model of finance has been under scrutiny. A common starting point for the sociology of finance is to focus on the practices underpinning money and finance. Such analyses mostly start with the origins of financial practices.

7.2 Historical Origins of Financial Practices

Such practices are in their forms and with regard to corresponding institutional configurations subject to historical change. While an exact historical beginning of finance is hard to define, it is clear that it evolved with the European trade network from the middle ages onward. As trade routes became longer, and trading voyages more expensive, a number of financial practices evolved to allow the extension of credit over geographical distance. Among the first, developed in the 14th century, were "bills of exchange", which allowed the settlement of transactions at a distance. A later invention was the joint stock company, where the creditor would receive a permanent stake in the financed enterprise. The ensemble of modern financial practices, such as loans, bonds, stocks, but also more complex ones such as options and futures were already firmly established in 17th century Amsterdam as tradeable instruments. The institutions supporting this development of such a capital market were merchant banks, who created an infrastructure for the flow of credit between trading centres by issuing bills of exchange, and bourses or stock exchanges where the various forms of credit could be traded (Neal 1990: 20-44, Obstfeld and Taylor 2004: 17-20).

As Leyshon and Thrift (1997: 11-19) argue, these practices changed the nature of money: Money in the physical form of coins, minted from precious metal, indeed was a commodity, its supply controlled by the state. The practices developed by the merchant banks and stock exchanges, which allowed for payments to be settled without a recourse to physical currency, gave rise to money as a pure unit of account, and successively, to the form of credit money. Credit money rests on the "promise to pay" included in these instruments. While originally, bills of exchange were used by merchants because money in the form of coins was hard and perilous to transport along trading routes, the practice soon became detached from the actual transfer of goods, as the discovery was made 'that for many purposes the acknowledgements of debt are themselves a serviceable substitute for money proper in the settlement of transactions' (Keynes 1930:5).

This endows money with different qualitative properties. In the form of a "promise to pay", money itself becomes a social relation. "Not only was credit money separated from any direct relation to "real" commodities, but also from particularistic (person-to-person) debt relations" (Ingham 1996: 524) [15]. As "promises to pay", as a *generalized* social relation, money is dependent on social structures ensuring that this promise is kept.

[15] While Leyshon and Thrift (1997) present the development from commodity money in the form of precious metals to credit money as a series of historical steps, Ingham (1996) argues with Simmel (1978), that in fact commodity money already is built on the promise to pay, therefore "all money is credit money".

The social structure central to the enforcement of such promises the state. The development of the modern state from the 16th to the 19th centuries is closely linked to the development of capital markets, as they allowed rulers to finance more costly wars, and issue their own state credit money (fiduciary money) in the form of national currencies. This was supported by territorialized regimes of legal regulation, surveillance of businesses and taxation, aimed at ensuring the stability of state credit money by sanctioning "improper conduct" on capital markets.

A central issue which always predicated this form of state involvement was maintaining the value of currency. Historically, the way to guarantee a currency's value was through the content of precious metals – gold or silver - in the coinage. With the evolvement of non-commodity forms of money, this took the form of assurances of exchange: By guaranteeing the exchangeability of the national currency into (mostly) gold, and by being accepted as a means of payment for tax, state currencies crowded out "private" forms of bank credit money over the course of the 16th to the 19th century. (Leyshon and Thrift 1997: 21-28). The circulation of fiduciary money predicated therefore "national financial spaces" as separate spheres from international capital markets (Giddens 1985: 155).

However, as an infrastructure for international trade, the practices of finance always were in tension with state authorities, who sought to establish a monetary order in their territory. Conflicts over regulation and threats of market participants to "take their business elsewhere" were from the beginning part of the history of capital markets (Obstfeld and Taylor 2004: 17, 21). As the geography of financial markets developed along the lines of trading routes, they always presented an alternative monetary geography to the territorially bounded economic spaces of states. The geography of finance from its beginning rather took the shape of a transnational network of cities as locations of trade, making the financial field a prototypical example of a process of transnationalization (Obstfeld and Taylor 2004: 23-26, Harvey 1989).

Over the course of history, the relationship of the field of finance and the state therefore oscillated between conflicts and alliances. The expansion of European state power and the colonization of the newly "discovered" lands during the 18th and 19th centuries relied on the one hand on financing through capital markets and financial inventions such as the joint-stock company, the first of which were the Dutch and British East India Companies, and on futures contracts which were invented as a means of insurance for the financiers of trade expeditions. On the other hand these instruments and practices soon became means of speculation the state sought to control (Allen 2004: 15-40).

7.3 The Development of Modern Global Finance

From the beginning of the nineteenth century, up to the first world war, two simultaneous developments shaped financial practices: the consolidation of national financial spaces through the establishment of central banks as regulatory instances, and the first wave of financial globalisation with the introduction of the classical gold standard.

The introduction of the gold standard began in 1819 with Great Britain making the Pound Sterling exclusively redeemable in gold. This stabilised the value of the currency. Since Britain was the dominant economic power in the world economy, other countries soon adapted a similar fixed exchange rate. By 1880, the countries of Western Europe and the USA had joined the gold standard, most other countries followed until 1900. Countries adhering to the gold standard committed their currency to be exchangeable to gold at a fixed price, thereby creating a relatively stable international monetary system, which facilitated international finance and trade (Knight 2013: 33f). Simultaneously, most countries had established central banks during the nineteenth century, which started to regulate interest rates and began to act as lenders of last resort within their national financial areas, reducing the risks of bank runs and thus stabilising national financial systems (Eichengreen 2008: 34). These conditions created an environment of stable international prices, and thus a rather low-risk environment, which allowed for the first wave of financial globalisation to occur. Fuelled by the imperial expansion of the European powers and new transport technologies such as railways and steamships, international trade could profit greatly from the newly available stability in finance. However, the fixed exchange rate also curtailed national monetary sovereignty, narrowing the room for national governments to intervene in the economy in times of crisis.

The era of the classical gold standard, and with it the first wave of globalisation, came to its end with the outbreak of the First World War. While the interwar period saw the introduction of the so-called gold-exchange standard, political and economic conditions did not allow a return to the levels of economic globalisation of prior to 1913. With the great depression international financial cooperation was dropped from the political agenda. In reaction to the stock market crash of 1929 banking and financial markets became strictly regulated. The United States served with the Glass-Steagal Act of 1933 as an international role model. In order to prevent risky behaviour by banks and to ensure the safety of savings, the Glass-Steagal Act contained provisions for deposit protection, separated the deposit-taking institutions from investment banks and mandated a cap on interest rates, thereby curtailing competition and associated risky behaviour between banks (Wolfsohn 2013: 179-180).

After the second world war, the Bretton Woods System was established as a means of international monetary cooperation. Its primary aim was to facilitate the rebuilding after the war, thus it prioritised the sovereignty of national economies over stimulating international trade. In contrast to the gold standard, it therefore allowed for an adjustment in the exchange rate of national currencies to the US-Dollar as the new standard reserve currency, which in turn was fixed to the price of US$35 per fine-ounce of gold. This stability mechanism fortified the role of the United States as the pre-eminent financial power of the 20th century. To avoid currency speculation and guarantee economic stability, it also contained restrictions on private international capital flows. Unlike the gold standard, which was founded on the principle of self-regulation by national central banks, the Bretton Woods System established the International Monetary Fund (IMF) in 1945 as an independent body of oversight, to coordinate financial regulation, and to manage arising balance-of-payment problems between countries (Knight 2013: 36).

Since the Bretton Woods Arrangement curtailed private international investment flows, national banking systems could develop in a protected and regulated environment. Their main business practice was the issuing of loans, which in turn were funded by deposits. Their main source of income was the spread between the interest paid for deposits and the interest received from outstanding loans. In contrast to merchant- or investment banks, which only existed in Anglo-Saxon countries and played only a marginal role in the decades after the Second World War, such banks were usually only active in their own currency and had very little exposure to international capital markets. This kind of commercial banking was highly regulated and either by custom or law kept separate from the market-based business of investment banks and the securitisation business of the insurance sector (Taylor 2013: 358).

From 1969 to 1973 the Bretton Woods system collapsed, because it generated high international demand for US-Dollars, leading to trade imbalances and ultimately to the end of the pegging of the dollar to gold. The introduction of floating exchange rates that followed the dissolution of the Bretton Woods Agreement were accompanied by the dismantling of exchange controls, thus capital could flow freely to wherever it would achieve the highest returns. With the establishment of the "Eurobonds-Market" in the nineteen-sixties, it became possible for borrowers to raise funds in foreign currencies, often for much more attractive interest rates (Panitch & Konings 2008: 78). This was accompanied by a general drive for de-regulation and privatisation from the nineteen-eighties onward, as the Keynesian regime of regulation gave way to the neoliberal dogma of free markets (Helleiner 1994: 119). In the United States, the regulatory provisions of the Glass-Steagal Act were successively weakened, starting with the dismantling of the interest rate caps between 1980 and 1986 (Mayer 2015: 188), followed by the increasing weakening of the separation of investment- and retail banking up to the repeal of the entire Act in

1999. At the same time, the process of unification in Europe established new regulatory competences on the supranational level. The European Commission from the 1990s onward enacted politics of market liberalisation, leading to a dismantling of the state-centred market structures which existed in many European countries from 1990 onward (see e.g. for the German case Seikel 2011). These international politics of (neo-) liberalisation changed the banking systems from government-led to market-led systems, the previously nationally oriented banks became facilitators of global financial flows, ushering in the current wave of globalisation (Borio and Toniolo 2006, Taylor 2013: 358).

This transformation of the field had, according to Taylor (2013: 359) the consequences, that banks internationalised their client-base as well as their organisational structure and were increasingly active across borders. Further, the market began to play a more important role for both, banks and corporations. Corporations seized the opportunity to become more independent from local bank loans by increasingly relying on issuing bonds and stocks on capital markets themselves. In turn, instead of depending exclusively on deposits as a source for funding, and to offset the declining loan business, banks became themselves active on the capital markets, and used them, just as their corporate clients, as a source for refinancing. The orientation towards markets also set a wave of mergers and acquisitions in motion, which consolidated the financial sector and created large financial conglomerates. Finally, the deregulation of financial markets kicked off a massive spurt in financial innovation. As banks took on the business of securitisation, structured products and derivatives became part of the portfolio of financial products available on the market (Stearns & Mizruchi 2005: 286f, Henwood 1997: 262).

In sum, it can be said that the lines that once existed between market-based merchant- or investment banking and commercial banking disappeared, with the consequence that the former commercial banks now resemble big investment banks.

Over the decades since the nineteen-seventies, the structure of the financial sector has profoundly changed. The transformation into a market-oriented field changed not just the institutional structure, but also introduced new practices, carried out by a new group of financial professionals. These take over a range of functions: Firstly, they are engaged in the trading of stocks and bonds, thereby assigning market value to publicly listed corporations, and, via the shareholder value principle, shaping the strategies of their management. Secondly, via the praxis of portfolio management for investors, they globally disperse financial funds. In order to do this, new investment possibilities have to be continuously developed and therefore the expansion of financial markets has to be promoted. Such practices of “financial intermediation” also distribute risks around the globe, creating a web of global economic dependencies (Windolf 2008: 516ff).

This group of financial professionals originate mainly from investment banking, consisting of investment consultants, traders, analysts, and related positions. They are in strong internal competition for clients (investors) and, therefore experience continuous pressure to obtain higher and higher rates of return leading to ever-riskier investment decisions. Because risk taking is a central aspect for remaining competitive, the overall amount of risks in financial markets increases. However, the consequences of risks taken do not fall upon the investment bankers, traders or analysts. Rather they fall upon the investors. This creates a separation between financial professionals, who make investment choices and thereby shape entrepreneurial decisions, and investors who bear the consequences. Windolf (2008) calls financial professional therefore “owners without risk”. Folkman and colleagues (2007), additionally point out that the remuneration of financial professionals is fee based and as a rule contains a share of the profits but not of the losses involved in transactions. This motivational structure has the effect of increasing the number of financial transaction, and thereby financial depth, regardless of the overarching economic and social consequences that may develop. A global economy of “permanent restructuration” emerges, the logic of which is determined by this small group of financial actors.

The consequences of these new practices in finance have also had a significant impact on non-financial companies. As for instance Greta Krippner (2005) or Epstein and Jayadev (2005) show, over the last decade of the twentieth century industrial corporations not only came to rely increasingly on financial markets as a source for capital, but also as a source for revenue. These authors trace a shift in economic activity, showing that for the economy as a whole, profits generated via financial assets surpassed other sources of revenue. For Marxist authors like Arrighi (1994) or Aglietta (2000) this “financialisation of the economy” signifies a fundamental transformation in the pattern of capitalist accumulation. Krippner (2005: 174) consequently defines financialisation as “a pattern of accumulation in which profits accrue primarily through financial channels rather than through trade and commodity production”. Instead of the generation of surplus value through industrial production, financial markets now are lie at the centre of economic activity, around which society organizes its reproduction.

This transformation of the economy also had a significant impact on the social structure. As for instance Windolf (2008), Dobbin and Zorn (2005) or Folkman et al. (2007) argue, the rise of these practices of “financial intermediation” or financialisation presented not only a hitherto unprecedented opportunity for generating profits within the financial sector, but also transferred power from the managerial elites of industrial capitalism to the financial professionals of investment banking.

Financial markets thus are not only a field defined by specific economic practices, differentiating it from other sectors of the economy, they also have become the most “global” of all markets. Therefore, they represent an ideal-typical example of a global field.

Other authors have hinted at the socio-structural consequences of global financial markets. The aim of my empirical study is to examine whether the theoretical discussion of the first part of this thesis can fruitfully be employed in empirical research and delivers the desired results. As a global field, financial markets represent a critical case to examine whether global fields indeed produce a global class.

8 Frankfurt and Sydney as Financial Centres

Just as markets do not exist in a vacuum, but are tied to physical places (Sassen 1991, 2005), processes of class formation occur in distinct geographical locations. Just as the working class in the 19th century developed in specific industrial cities, forming their specific social character (Thrift and Williams 1987), a global financial class would form in the financial centres of contemporary "global cities".

Frankfurt and Sydney are considered "major international financial and business centres" (Sassen 2002) and major international hubs of the global cities network. In this chapter, the two cities will be considered as exemplary global cities and also as representatives of different types of capitalist economies. In comparative capitalism research (Hall and Soskice 2001), the German economy, with Frankfurt as its historic financial centre, is considered a prime example of a coordinated market economy, with a high national quota and a social security and pension system based on levies and insurance benefits. In contrast, the Australian economy is associated with liberal market economies in the Anglo-Saxon tradition, characterised by a funded pension system and less state interference. From this perspective, the persistence of institutional differences can be highlighted. In a comparison between Frankfurt and Sydney, based on the distinction between coordinated and liberal market economies, the differences in their institutional structures can be shown clearly.

In contrast, literature on globalisation tends to emphasise the tendency of financial centres to separate from their national and regional contexts. Especially in the global cities debate, it has been argued that connections to the global network of cities are much stronger than connections to national economies (Sassen 2002). Saskia Sassen and Manuel Castells in particular move the focus from the international system of nations to the hierarchical web of global cities as hubs and control entities in a network of global connections.

In this chapter, I combine both perspectives in a comparison of Frankfurt and Sydney to show how two cities that are both strongly influenced by globalisation and the trend towards financialisation still produce financial systems with differing characters and ranges. Although they are embedded in economies that are structured very differently, Frankfurt and Sydney are financial centres of comparable rank. In the latest Global Financial Centres Index (GFCI), the two cities achieved similar rankings (Yeandle 2015). Nevertheless, historical lines of development and national path dependencies assign these financial centres different roles within the transnational urban system and the global financial industry. Through contrastive comparison, the position of the respective financial centre within its parent financial market capitalism will be discussed.

The comparison between these two financial centres represents a crucial facet of my research since, obviously, financial centres are more than collection and distribution points of international capital flows, and therefore are characterised according to their dynamic social relationships and the socio-spatial patterns of use by financial market participants. In this comparison, the scope will therefore be expanded to include the nature of the financial centre, illustrating the specific socio-cultural milieus of Frankfurt and Sydney.

I firstly focus on Frankfurt, then on Sydney, beginning with an account of the urban population and employment structure. Subsequently, I explain the historical lines of development of the emergence of the financial centres in their specific context, and then discuss in detail the current institutional structure of their respective financial economics with a view to their characteristics within coordinated and liberal capitalism, respectively. Next, I consider the importance of Frankfurt and Sydney as financial centres in terms of business relations and coordinating functions of the municipal finance industry in the national and international context. The individual cases are completed by the presentation of the main lines of development in the course of the growth of a central business district as a marker of the global financial industry in the respective global financial centres. In a comparative chapter, the importance of the financial industry for the respective cities and economies will be contrasted in order to examine the question of where the cities, as hubs of the international network of cities, are subjected to assimilation tendencies.

8.1 Frankfurt as a Financial Centre

8.1.1 Population and Employment Structure

In terms of demographics and economics, the Rhine-Main metropolitan area with Frankfurt as its centre is one of Germany's growth regions. The number of inhabitants has been growing steadily since the 1990s and currently stands at approximately 700 000 (Stadt Frankfurt am Main 2014). The economic importance of Frankfurt as a financial and service centre in Germany and Europe is related to high mobility and immigration. Frankfurt is a multicultural city, home to people from over 170 different nations.

In addition, Frankfurt has the highest share of people with a migratory background (42%) as well as people with non-German nationalities (25%), as measured against the city's total population (Schupp 2012: 24).

The Frankfurt Rhine-Main metropolitan area is also characterised by a close proximity to industrial and service clusters. The three largest cities, Frankfurt, Mainz, and Wiesbaden, are dominated by service-oriented sectors. In the City of Frankfurt these are primarily finance and consulting. Regionally they are complemented by the clusters 'logistics' and 'transport' as well as 'chemicals', 'pharmaceuticals', and 'biotechnology', which show positive employment trends (Ebner and Raschke 2013). In 2013, there were almost 64 900 employees in financial and insurance services in Frankfurt, accounting for around 12.4% of the 524 204 employees paying mandatory social security (Bürgeramt, Statistik und Wahlen Frankfurt am Main 2013). In addition, this corresponds to about ten percent of the Germany's total 650 000 employees in the credit and banking sector. However, it is expected that the number of employees in the financial and insurance service sectors in Frankfurt will decline to 60 000 by the end of 2016 (Landesbank Hessen-Thüringen 2014). Every day, approximately 336 050 employees paying mandatory social security commute to Frankfurt, resulting in a daily increase to over a million inhabitants (Ebner and Raschke 2013).

Commuter traffic highlights the role of Frankfurt as a central workplace for the residents of surrounding cities and towns. In the adjacent municipalities, more than half of the population commutes to Frankfurt; in many municipalities the proportion of those employed in Frankfurt is still forty percent or more.

The economic attractiveness of the city as a global city and related job opportunities do not merely increase commuter traffic, but also ensure sustained influx into Frankfurt. In turn, the growing population affects the composition of the resident population.

So far, population growth has not resulted in spatial consolidation of specific groups of non-German nationality. For Frankfurt, the value of the segregation index, which measures the unequal distribution of population with German and non-German nationality, is comparatively low at 0.14 on a scale where a value above 0.4 is considered problematic (Schupp 2012: 138f). The segregation index's low value in the dimension 'nationality' merely indicates that residents without German citizenship are not distributed disproportionately across Frankfurt's different neighbourhoods or live isolated in specific parts of town. However, spatial effects of social inequality, gentrification, and displacement processes towards neighbourhoods segregated by socioeconomic characteristics have been observable in Frankfurt for years. When measuring the segregation value for spatial inequality of low wage earners in the city, Frankfurt reaches peak values in the Germany-wide comparison. Due to the inequality of the distribution of the urban population according to their socio-economic status, a study that measured this social dimension of segregation concludes: "As a city with relatively few low wage earners, Frankfurt shows the highest segregation index of all cities [in the comparison]" (From Berge et al. 2014:7).

The current rent index (see Fig. 8-1) of the city of Frankfurt shows very clearly that neighbourhoods close to the central business district are mainly considered "very good residential areas" (*red*: Westend, Bockenheim diplomatic district, Holzhausen) or "upscale residential areas" (*green*: Bockenheim, Westend, Nordend, CBD, Sachsenhausen). "Average, simple, or very simple residential areas" (*blue*) are hard to find near the CBD, and if they are, rents can be raised across the board with location premiums for "central residential areas" (marked with a blue line in Fig. 8-1). Therefore, a study commissioned by the weekly news magazine *Der Spiegel* concludes that people with a full-time job earning minimum wage cannot find affordable housing in any district and are thus forced out of the city (Kwasniewski and Elmer 2014).

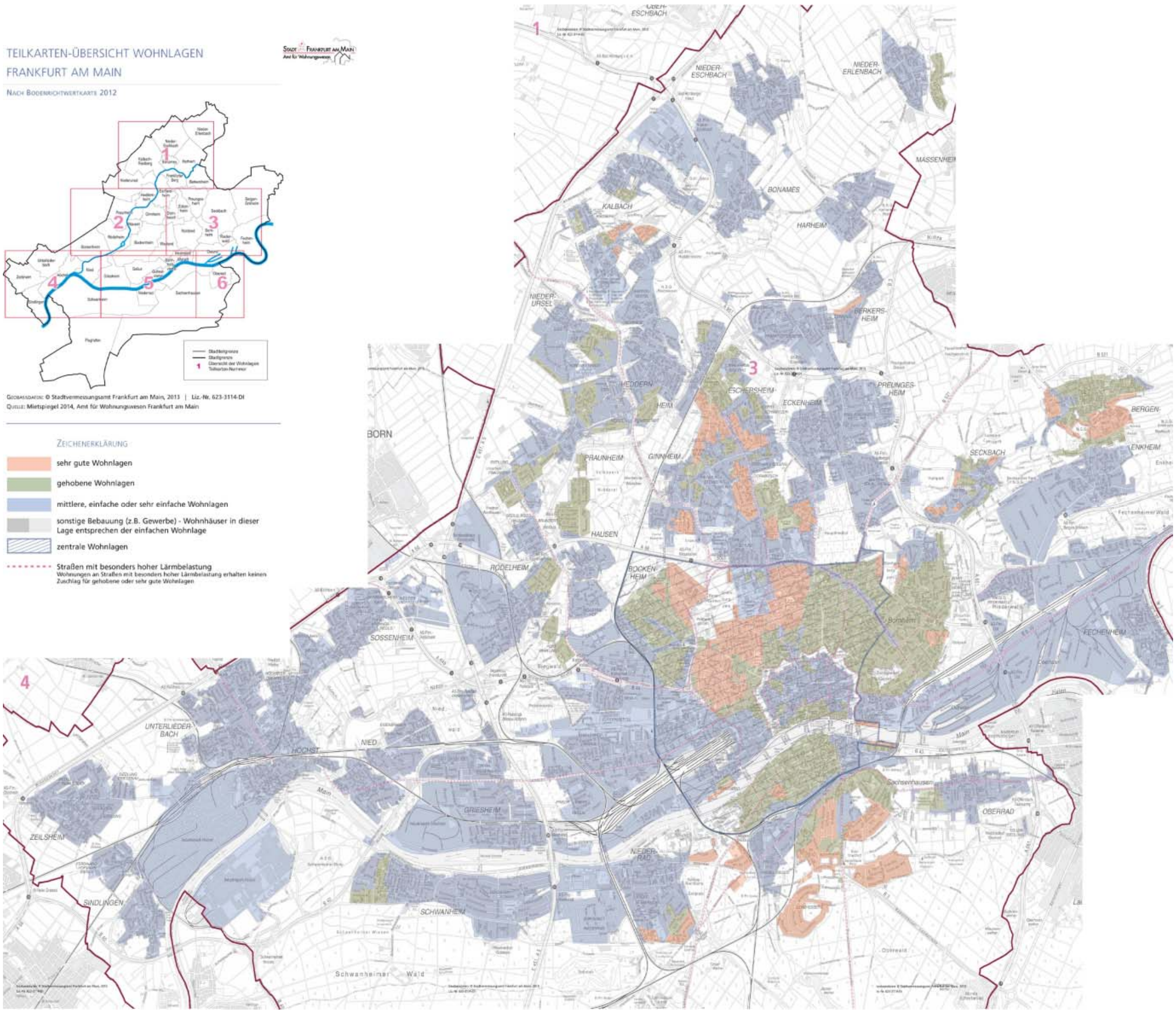

Figure 8-1:Various residential areas in Frankfurt/Main according to the rent index (Source: Magistrat der Stadt Frankfurt am Main, Amt für Wohnungswesen 2014: 17- 28).

Inversely, the creation of housing for high-income classes as part of the formation of Frankfurt as a global city since the 1980s has been promoted with the active involvement of local political leaders (Schipper 2013). Results of this include the urban development projects Deutschherrnufer, Westhafen, and Osthafen, where former industrial sites were turned primarily into condominiums in the high-price range. “Before 2000, the Westend was the only residential area in Frankfurt where such super-monopoly rents could be appropriated [...]. From 2000 onward, however, three luxury waterside living projects were completed” (Schipper 2013: 196). Thus, luxury housing, which was traditionally located just outside Frankfurt in the wealthy communities of the Vordertaunus, moved into the vicinity of the CBD to offer high-income classes upscale housing.

8.1.2 Historical Development of Frankfurt as a Financial Centre

Beginning in the early modern period, Frankfurt developed its position as the leading financial centre among German countries, building on the development of the exhibition industry since the Middle Ages. At the time the city lay at the intersection of several of the most important trade routes. As the city where German kings of the Middle Ages were elected, Frankfurt held a politically prominent position, which can be credited for its fair privileges, which were awarded to Frankfurt as early as the twelfth century. In the fourteenth century Frankfurt, with its annual or biannual trade fair, had developed into a centre of national importance with regard to money trading. At that time, exchange accounts were already kept with double-entry bookkeeping, and transport insurance was bought and sold. In 1585, the Frankfurt Stock Exchange was founded, whose commercial and financial transactions also fostered a bustling currency business in the sense of cashless payments with bills of exchange – "exchange rates" – within and outside of the Frankfurt Stock Exchange (Holtfrerich 2005: 54-56).

In the eighteenth and nineteenth centuries, Frankfurt entered into business with the growing financial needs of German and European princes. In the bond business, the Frankfurt-based bank Bethmann played a pioneering role; at the same time Metzler bank raised significant bond issues for Prussia. Most of the capital available in Frankfurt flowed into the government bond business, which secured Frankfurt's position as the number one financial centre in Germany until about 1866 (the occupation by Prussia), and the foundation of the German Reich in 1871 (Holtfrerich 2005: 59f.). In the first half of the nineteenth century, Frankfurt developed into a centre for the European government bond business, which largely supplanted the exchange business. A key factor for Frankfurt's relative decline in the last third of the nineteenth century was the specialisation in the global bond business, which had previously been so successful. The banks gave up the establishment of joint-stock banks and the stock trade, resulting in the migration of this profitable type of industry financing to Berlin (Holtfrerich 2005: 61f). In the years between the First and Second World Wars, Frankfurt, like all other German financial centres outside of Berlin, was merely a banking centre of regional importance (Holtfrerich 2005: 65).

After the end of World War II, Frankfurt was the site of the American military government. In preparation for the monetary reform, the central bank for the future Federal Republic was founded there on the first of March, 1948; and in November, 1948, the Reconstruction Credit Institute for the administration and distribution of Marshall Aid (Holtfrerich 2005: 68). The Bank of German Countries (later Bundesbank) in particular attracted other private banks who established branches in Frankfurt (Harrschar-Ehrnborg 2002: 155). During the 1950s, routine deposit and lending was the main business of the credit institutions massing in Frankfurt (Holtfrerich 2005: 75). However, a financial centre Frankfurt as swiftly gained international significance in the decades after the war, not least because the German mark promised relative stability – initially in the period of fixed exchange rates, and even more so after the abolition of the Bretton Woods system.

Frankfurt as a financial centre quickly became more attractive for foreign capital, so that in the mid-1980s, forty of the world's fifty largest banks were represented in Frankfurt. During this time, 44 percent of the foreign equities traded in Germany as well as 94 percent of fixed-income securities of foreign issuers were traded at the Frankfurt Stock Exchange (Holtfrerich 2005: 72). During this time, the numerous Frankfurt banks became intensely active at the Frankfurt Stock Exchange, as well as in the mergers and acquisitions of companies, and they played a special role in the constantly increasing cross-border transactions (Holtfrerich 2005: 77). However, other German financial centres (Hamburg, Dusseldorf, Cologne, Munich, Stuttgart) always rated above Frankfurt in the insurance industry. The reason for this was the decentralised location structure of the banking and insurance industry in the Federal Republic of Germany. Even today, the federal structure of Germany favours the existence of important regional institutions – in particular the Landesbanken (regional banks), whose costs are borne by individual states (Bördlein 1993: 108). Of central importance to the strengthening of the financial centre of Frankfurt, and its supremacy in the German context, was the decision of the leaders of the twelve EU countries to locate the headquarters of the European Central Bank (ECB) in Frankfurt, which is why Frankfurt was considered "the mighty capital of the Euro Zone" (Sassen 1999: 83) at the turn of the millennium.

8.1.3 Institutional Structure

In the debate about varieties of capitalism, the German economy is considered a prime example of a coordinated economy (Beyer 2009: 314).

> Corporate integration can thus be regarded as a partial element of a 'coordinated' form of capitalism, in which companies do not organize the bulk of their relations through markets but in which the state sets regulatory requirements and workers are incorporated into a system of economic balance

> of interests [...] and which can be distinguished from the Anglo-American, more competitive, 'liberal' capitalism" (Beyer 2002).

In relation to the importance of financial markets with regard to a country's economy, it can be said that the financial markets have a lower significance with respect to the ideal type of coordinated capitalism, due to companies' lower market capitalisation, primarily credit-based corporate finances, and a universal banking system with strong credit bank orientation, as well the strategic bonds between a number of large companies and central financial institutions. In the German case, the model has earned the name "Deutschland AG" ["Germany Ltd."]. For years, however, studies have pointed out the change from coordinated capitalism to a "hybrid variant," a combination of originally Anglo-American liberal capitalism and the coordinated economy of Germany (Beyer 2009: 308). In contrast to the debate on the varieties of capitalism, the representatives of the concept of "financial market capitalism" (Froud et al. 2010, Windolf 2008) note even a "diachronic change towards enhanced financial market orientation in all varieties of capitalism" (Beyer 2009: 310).

Against the background of this discussion, the question of the significance of the financial market for the German economy needs to be considered. On the one hand, institutional changes such as the financial market promotion law, which helped the financial sector to greater overall economic weight in Germany, will be portrayed. On the other hand, conditions such as the lesser capital market orientation in the German population will be used as examples of enduring features of coordinated capitalism.

In Germany, the liberalisation of financial markets focused on the promotion of the domestic capital market; in particular through four "financial market promotion laws" (German: Finanzmarktförderungsgesetze) between 1990 and 2002, which, among other things, expanded business opportunities of investment companies, created worldwide investment opportunities for real estate funds, and resulted in tax relief on capital gains (Heeg and Dörry 2009 : 34).

Thus, the financial market promotion laws created the conditions for the release of international capital flows and the promotion of the financial sector in Germany. For growth of the financial sector on an internationally comparable level, the existence of liquid markets is a prerequisite, along with an appropriate legal foundation. In the Anglo-Saxon economies – the USA, Canada, UK, New Zealand, and Australia – this has been achieved through the early deregulation of national financial systems and especially the mandatory introduction of private coverage of individual risk, which to this day frees up large quantities of capital seeking investment in these countries and thus increases liquidity of the financial market (Heeg 2009:

132). In the late nineties, large-scale private pensions with government support were introduced in Germany as well. Although this resulted in the liberalisation of investment conditions for German capital, up to now a complete conversion to funded security systems has not yet occurred in Germany. More than in other countries, pension as well as health insurance systems operate through contribution funding, even if personal life risks have to be increasingly covered by capital strategies in the financial market. This is also reflected in the increasing proportion of private wealth that is invested in insurance in Germany. Still, bank savings and time deposits remain the predominant form of investment.

In addition, although the German real estate market has been comprehensively liberalised (Heeg 2009), the percentage of ownership in the housing market — less than fifty percent — is rather low by international standards (Stokes, 2011: 20). In big cities like Berlin and Frankfurt, the percentage of renters is even higher — over eighty percent. Thus, buying a house, and then financing it through the capital market, is not the standard in Germany.

Therefore, the importance of the financial sector, as measured by gross value added and number of workers, appears rather small for the whole of Germany: between 2000 and 2007, the proportion was only 3.7%, remaining well below the United Kingdom and the United States, and compared to other countries of the Eurozone (Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung, 2008). Only a share of 18.7% of private assets in Germany is invested in fixed income securities, equities, and investment funds.

By international standards, the German banking industry is relatively fragmented and has increased competition among its institutions. The banking business is not dominated by a few national champions, although the number of banks is declining, accompanied by an increase in funds. (Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung 2008)[16].

In 2013, the total assets of all banks in the German banking sector amounted to 7 604 billion Euros. With 36.4%, the largest share belongs to credit banks. The largest German institutions by total assets in 2014 (in €billion) are shown in Fig. 6.

[16] In this development, parallel processes to the wave of globalisation at the turn from the 19th to the 20th century become apparent. Hilferding (1910 [1981]: 227-238) describes a similar process of rising concentration in banking, coupled with increasing power of finance over the economy. However, his outlook that this increasing concentration in economic power would lead to an easy transition to socialism (ibid.: 368f) hardly translates to the situation of entrenched neoliberalism, which continues almost unperturbed despite the crisis of 2008, we find today.

	Credit Institute	Total assets (€bn)
1	Deutsche Bank AG, Frankfurt / M.	1 611
2	Commerzbank AG, Frankfurt / M.	550
3	KfW Kreditanstalt für Wiederaufbau, Frankfurt / M.	465
4	DZ Bank AG, Frankfurt / M.	387
5	Unicredit Bank AG, Munich	290

Figure 8-2:Total assets of Germany's largest banking institutions, 2014 (Source: Bundesverband Deutscher Banken e. V 2014)

In global comparison, even major German banks are rather small. According to the ranking of the SNI of the top one hundred banks by total assets, Deutsche Bank is in the number 8 spot for 2013. The next German bank is Commerzbank, in 38th place. The third largest German bank, DZ Bank, is ranked 53rd. Australian banks are in positions 40-44 (Tor und Sarafaz 2013). Germany's largest financial institutions characterise Frankfurt as a financial centre and provide its significance.

8.1.4 The Contemporary Significance of Frankfurt as a Financial Centre in the National and European Contexts

With 190 banks headquartered in the financial centre, Frankfurt is a hub not only for the German banking system (see Fig. 7). Among them are 144 foreign banks that maintain a branch or representative office in the city and are an expression of a globally integrated financial system.

In addition to banking, the investment industry is based mainly in the Frankfurt area. More than half of German fund companies are headquartered here, and the fund assets managed by them at home and abroad constitute more than two-thirds of total German investment companies (Landesbank Hessen-Thüringen 2006: 26). Thus, Frankfurt is Germany's hub of asset management (Ibid.: 30). Overall, 296 different investment companies do business in Germany, managing 1.618 billion Euros in 2012, a market share of 10% of European fund assets (European Fund and Asset Management Association 2014: 30). In comparison, the UK had a market share of 35%, followed by France (19%) and Germany (European Fund and Asset Management Association 2014: 11).

Jahr (1)	Kredit-institute insgesamt	davon				Beschäftigte in 1 000 (3)
		Banken mit Sitz in Frankfurt	darunter Auslands-banken (2)	Banken mit Sitz außerhalb Frankfurts	Repräsentanzen ausländischer Banken	
2000	340	206	136	68	66	75,1
2001	329	201	129	66	62	78,9
2002	315	196	125	69	50	80,0
2003	337	229	152	61	42	66,1
2004	324	208	139	66	50	62,9
2005	325	211	141	66	46	61,5
2006	x	218	147	x	45	61,4
2007	x	228	158	x	41	62,4
2008	x	229	160	x	37	65,1
2009	x	227	162	x	40	66,1
2010	x	215	152	x	41	63,2
2011	x	215	150	x	40	64,8
2012	x	221	156	x	38	65,9
2013	**x**	**190**	**144**	**x**	**38**	**64,9**

Quelle: Deutsche Bundesbank - Hauptverwaltung Frankfurt, Bundesagentur für Arbeit

(1) Ab 2003 einschließlich Wertpapierhandelsbanken. Ab 2004 ohne Institute in Liquidation. Ab 2006 kann aufgrund der Änderung des § 24 Kreditwesengesetzes die Zahl der Banken mit Sitz außerhalb Frankfurts nicht mehr fortgeschrieben werden. (2) Filialen ausländischer Banken und Kreditinstitute im ausländischen Mehrheitsbesitz. (3) Bis 2002 sozialversicherungspflichtig Beschäftigte im Bezirk der Agentur für Arbeit Frankfurt am Main am 30. Juni. Wegen der Umstellung der Wirtschaftszweigklassifikation von der WZ 2003 auf die WZ 2008 sind die Zahlen ab 2008 nur eingeschränkt mit den Vorjahren vergleichbar. In den Jahren 2000 bis 2002 Wirtschaftszweige (WZ 93) 65 und 67.1. In den Jahren 2003 bis 2008 Wirtschaftszweige (WZ 03) 65 und 67.1. In den Jahren 2009, 2011, 2012 und 2013 Wirtschaftszweige (WZ 08) 64, 66.1 und 66.3. Im Jahr 2010 Wirtschaftszweige (WZ 08) 64 und 66.1.

Figure 8-3:Credit institutions and their employees in Frankfurt from 2000 to 2013 (Source: Stadt Frankfurt am Main 2014).

Frankfurt's importance as an international financial centre unfolds currently within the European context and is primarily focused on continental Europe. Strong links to the City of London exist – a city which has been undisputed as the largest and most important financial centre in Europe, and is the largest financial centre in the world, along with New York (Yeandle 2015: 17). As late as the turn of the millennium, London and Frankfurt competed for supremacy in the European financial system (Beaverstock 2001). However, London's current preeminence is undisputed.

Although Frankfurt plays only a secondary role by global comparison, the sheer size of the German economy and the political importance of the city as the seat of the European Central Bank (ECB) secure a significant role for its financial centre in the future. According to the assessment of the financial industry, Frankfurt is currently becoming Europe's financial and regulatory capital (Bischoff 2014). A few months ago, the ECB was conferred new powers, and the local Landesbank is confident: "The arrival of the European banking regulators in the city and the establishment of the first Renminbi trading centre in the Euro Zone significantly strengthened Frankfurt's position in the competition of international financial markets"

(Bischoff 2013: 1). In the past, studies have emphasised that the presence of the ECB merely increased the “prestige factor” (Harrschar-Ehrnborg 2002: 200) of Frankfurt’s financial centre, but that physical proximity was not of particular importance for the financial industry. With the new monitoring function of more than 130 system-relevant banks in the Euro Zone, carried out by the ECB from its Frankfurt headquarters, this could be about to change. The annual stress tests by banks in the Euro Zone will certainly increase the need for informal exchanges with ECB officials, and the short distances on the ground could regain importance. Almost thirty of the 130 European banks under direct ECB supervision already maintain an office in Frankfurt (Bischoff 2014: 9).

The development of the stock market into one of the world’s leading derivatives exchanges shows that in certain areas of the financial industry, Frankfurt is able to compete on a global level. With a 2014 market capitalisation of 1 739 trillion dollars, the Frankfurt derivatives exchange Eurex is one of three global market leaders in trading in derivatives such as options and futures, along with two US stock exchanges (Deutsche Börse Group 2008: 10; see Fig. 8-4). The value in domestic equity trading amounted to 126.9 billion in 2014. In foreign trade, the German stock market recorded aggregate equity trading of 78.47 billion US dollars (World Federation of Stock Exchanges 2014). Thus, the Frankfurt stock exchange accounts for an over eighty-five percent of turnover of foreign shares in German stock exchanges (German Stock Exchange Group 2014). Furthermore, more than ninety percent of trading in Germany occurs through the trading platforms of the Frankfurt Stock Exchange.

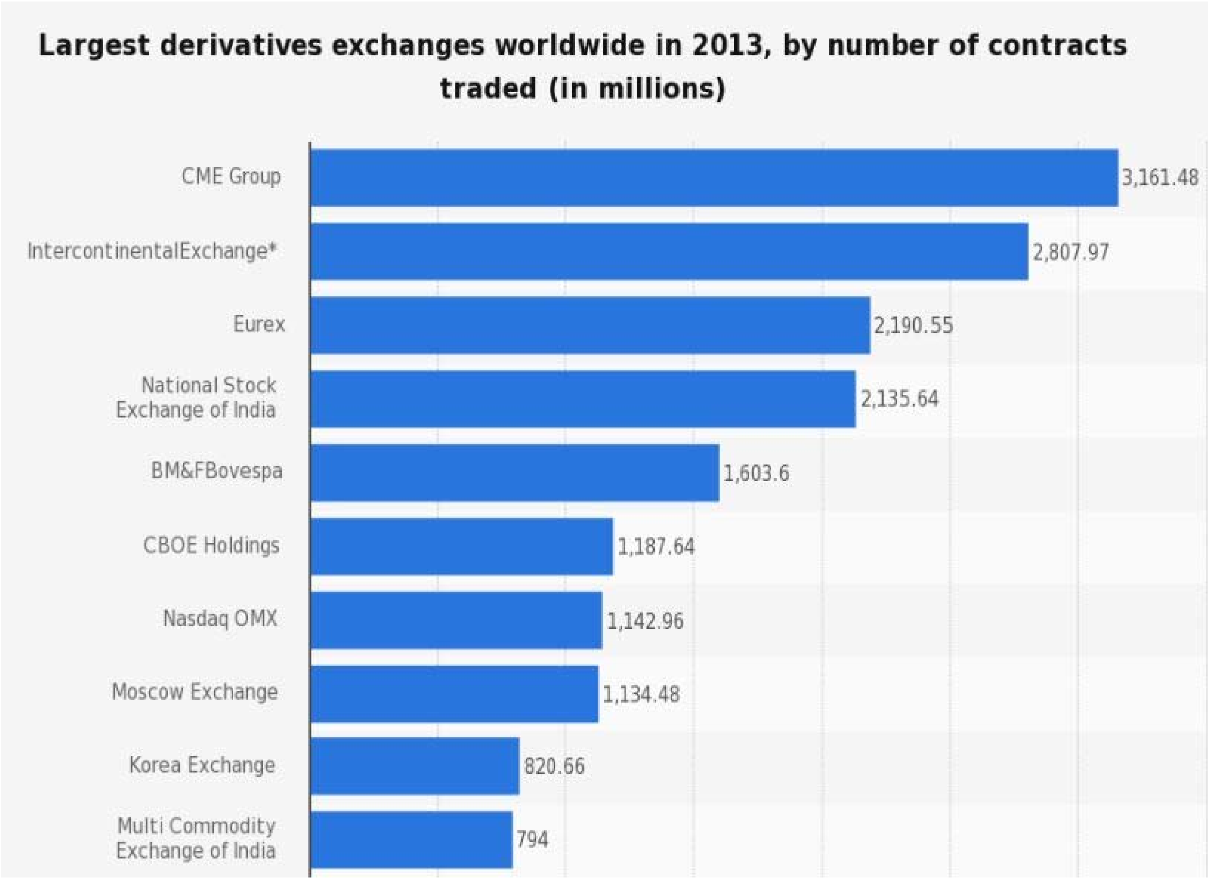

Figure 8-4: The largest derivatives exchanges in the world in 2013, by number of traded contracts (in millions) (Source: Futures Industry Association, Statista 2015).

8.1.5 Urban Development in the Global City of Frankfurt

After 1945, Frankfurt developed a central financial district that quickly emulated the typical high-rise nature of modern commercial centres. Before World War II, there were only two skyscrapers in Frankfurt (Sturm 2014: 15). With its resurgence as one the most important West German banking locations, this would change. As early as 1955, fifteen banks owned high-rise buildings of up to ten storeys in the city. Starting in 1970, the Municipal Bank plan, also known as the Cluster plan, allowed the construction of individual buildings with a height of 96 meters (the height of the Frankfurt Cathedral) (Rodenstein 2014: 26), thus creating the conditions for the emergence of a skyscraper skyline, now considered the hallmark of Frankfurt as a banking city. The Westend neighbourhood, which is close to the city centre and was at the time a residential area for a middle-income population, was designated as an expansion area of the financial district. The subsequent demolition of late-nineteenth century villas and buildings was accompanied by massive protests, which went down in local history as the “urban warfare” of the 1970s. But they could not prevent the construction of skyscrapers and commercial buildings in the former residential area.

The desire of local politics to be chosen as the site of the European Central Bank led to the promotion of more skyscraper plans, resulting in the construction of numerous high-rise buildings in the 1990s on the basis of a new city planning concept (Rodenstein 2014: 32). Buildings such as the "Eurotheum," the "Main Tower" and "Skylight" belong to this generation of high-rise buildings, which allow hybrid usages and provide gastronomic, hotel, and housing facilities in the financial district, along with office space. Since the 2000s, office vacancy rates in the CBD have been rising, leading to speculation that the development of high-rises in Frankfurt have come to an end (Rodenstein 2014: 34). Considering the latest trends in the development of residential towers, of which there are no less than a dozen in the planning stages or under construction, new construction activity in Frankfurt is imminent (Steiner 2014). "We are a city of skyscrapers – and therefore it is no coincidence that this new trend is created here with us," the spokesman of the city planning department said in 2014 (Göpfert 2014). In addition to the creation of housing for an upscale clientele, luxury condos in high-rise buildings also constitute a temporary investment alternative to office properties, and if implemented, will result in sustained high-rise growth for the city.

8.2 Sydney as a Financial Centre

8.2.1 Population and Employment Structure

With its 4 391 674 inhabitants in 2011[17], the Sydney metropolitan area is Australia's biggest urban agglomeration, home to approximately twenty percent of its approximately 21.5 million inhabitants.

Economically, the city is characterised by a large service sector. Less than 1% of the population are employed in the production of food and raw material, and only about 16% in industry and construction. With approximately 89 700 (or 7%) of all employees, the financial sector ranked as the seventh largest employer in the city in 2011.

[17] At the time of writing, the census of 2011 by the Australian Bureau of Statistics was the most current data source.

Geographically, the financial sector is highly concentrated. 61.5% of jobs in the financial sector can be found in the city centre (CBD), around 10% in North Sydney, located directly across from the centre on the other side of the mouth of the Parramatta River, and another 10% in Parramatta, the centre of Western Sydney, located 20 km west of the CBD.

Compared to Australia as a whole, Sydney is wealthier than average. Its weekly median income per household in 2011 (latest available data) was AU$1 447 in Sydney, and thus about 18% higher than Australia's median of AU$1 234 (all data: Australian Bureau of Statistics 2011).

Looking more closely at income distribution, it is striking that about 15.4% of Sydney employees belong to the highest income group, with a weekly income of AU$2 000 or more, compared to 6.8% in Australia as a whole. On average, the pay for employees in the financial sector is also higher than that of Sydney's total population, even though the proportion of the highest income group is lower at 12.8%.

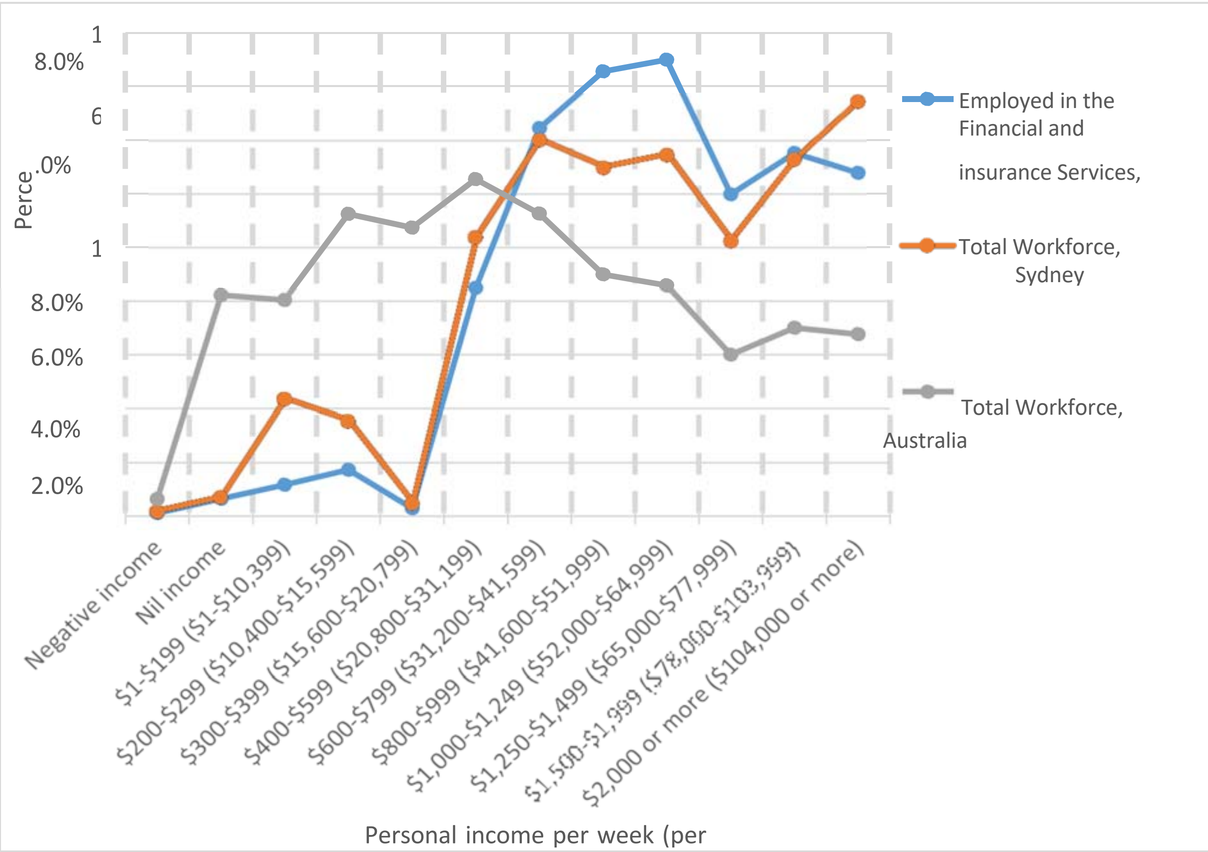

Figure 8-5:Comparison of income distribution Australia, Sydney, and the financial sector in Sydney (Data: Australian Bureau of Statistics 2011).

Geographically, this wealth is roughly distributed within the city along a north-east to south-west axis. Thus, Darling Point, Edgecliff and Point Piper are three suburbs, with the wealthiest residential population of Australia in East Sydney; while the poorest parts of Sydney are Auburn, Lakemba, Campsie and Cabramatta, to the city's west (see Fig. 8-6).

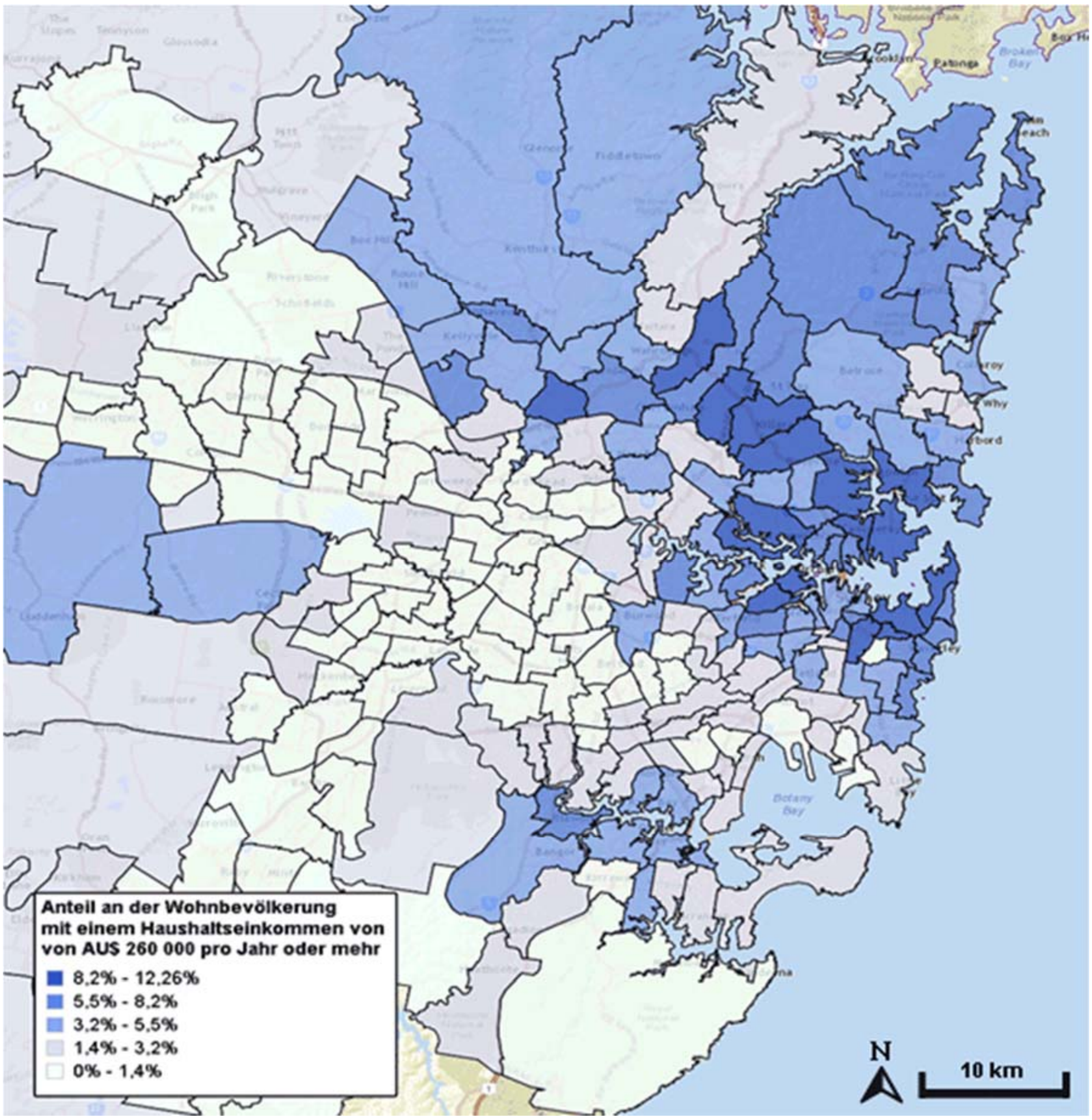

Figure 8-6: Percentage of population living in the highest income category by suburb (Data: Australian Bureau of Statistics 2011)

As a post-colonial society, Australia is characterised by migration. Around 27% of the total population was born outside Australia; another 20% have at least one parent who was not born in Australia. Approximately 82% of those not born in Australia live in one of the eight capital city areas (Sydney, Melbourne, Brisbane, Adelaide, Perth, Darwin, Hobart, Canberra), which together make up 66% of the total population.

Correspondingly, at 40.1%, the proportion of those not born in Australia is above the national average. The largest immigrant groups by country of origin are England (3.5% of total population), China (3.4%), India (2.0%), New Zealand (1.9%), and Vietnam (1.6%).

When asked about their ethnicity, 20.4% of the population identify themselves as English or Australian each, 6.6% as Irish, 6.5% as Chinese and 5% as Scottish (Australian Bureau of Statistics 2011). Immigrants, especially first-generation immigrants, live mainly in Sydney's poorer Western neighbourhoods. Although there are some neighbourhoods with a marked cultural-ethnic identity (e.g. Leichhardt as "Little Italy", the Haymarket Chinatown, and Eastwood as a Korean centre), segregation of the population by ethnicity within the city is statistically insignificant (see Cui and Pichara 2012, Johnston et al. 2001).

8.2.2 Historical Development

Established in 1788 as a penal colony, the city of Sydney has been characterised by rapid population growth for much of its history. Starting in the nineteenth century, the driving factors have been the Australian Gold Rush, as well as its role as the most important port and commercial centre, and also in the city's position as the capital of the state of New South Wales.

But within Australia, Melbourne has historically been a strong economic competitor to Sydney due to its position as an industrial centre.; in fact, for much of the history since colonisation, Melbourne enjoyed a greater economic significance than its northern rival, to the extent that its campaign to become the capital of the Australian Commonwealth led to the establishment of Canberra as a compromise. However, Melbourne's economic superiority waned with the economic crisis of the 1970s, which marked the beginning of the decline of the Australian industrial sector.

Sydney benefited from its role as the seat of the central bank and as the centre for commercial banks, while the financial sector in Melbourne was strongly entwined with the industrial sector. When the Commonweatlh Bank was established in 1911, it also exercised the functions of a central bank (issuing bank notes and lender of last resort) until 1959, and thus Sydney was home to the most important institution for any financial centre. When the Commonwealth Bank handed over its central banking functions to the newly established Reserve Bank of Australia in 1959, it was also located in Sydney (Schedvin 1992). In the 1950s, the financial markets of Melbourne and Sydney were roughly equivalent. With the increase in importance of global financial markets and the deregulation of the financial system in 1983, the economic centre of Australia increasingly shifted to Sydney, since it provided an international airport which made rapid global connections possible and thus established Sydney as a global hub. It was also closer to the raw-material quarries that were booming at the time and attracted foreign investment. In addition, Sydney is also the centre of the Japanese and Korean communities in Australia, which strengthened international relations. Thus, the financial sector was the dominant economic sector in Sydney from the 1970s onward. This happened with the support of various federal governments. For instance, around 1987, the various exchanges of individual states were consolidated into the Australian Stock Exchange in Sydney by a decision of parliament. In 2006, this merged with the Sydney Futures Exchange (SFE), creating the ninth-largest exchange in the world, bearing the name ASX (Australian Financial Markets Association 2014). The dominance of the financial sector was also reflected in a skyscraper boom, which characterises the cityscape to this day (Daly 1984).

An additional component is that the inward orientation of the Australian financial sector has driven Melbourne's traditional position as a competitor to Sydney. For instance, most banks were originally headquartered in Melbourne, and only moved to Sydney in the 1980s; however, they still maintain major representative offices there. In the global rankings for 2014, Melbourne was placed only one spot behind Sydney, at 24. By this assessment, Melbourne profits mainly from so-called instrumental factors – in particular, quality of life, while Sydney continues to enjoy a "reputational advantage," which is to say, a higher subjective appreciation by the respondents in relation to the objective conditions.

8.2.3 Institutional Structure

Although Australia is treated as a liberal market economy of the Anglo-Saxon type in comparative capitalism research, the state has historically always exercised a controlling influence on a macro-structural level. During the first half of the twentieth century, the government of Australia mainly influenced economic events via infrastructure projects and the creation of necessary frameworks. Unlike coordinated market economies, the expansion of social security systems was always kept to a minimum. Therefore, although Australia does not in historical terms match precisely the liberal market model, it is still undoubtedly closer to it than the coordinated economies of continental Europe. From the 1980s onward, there have been a variety of reforms aimed at the integration of the Australian economy into the global economy, such as the reduction in capital controls, privatisation of the public sector, and the decentralisation of collective agreements from the state level to the level of individual holdings. These were based on the so-called "Washington consensus" (Williamson 1993) and thus moved the Australian economy closer towards the free-market model (Chester 2008).

Despite the political focus on the creation of a competitive market economy, the institutional order of the Australian financial market is structured quite conservatively. One the one hand, banks are the central institutions. Traditionally, their business involves deposits and credit-backing industrial companies and individuals, especially with regard to real estate financing. Although the banking sector has in recent years made an increased push into the investment business – and thus developing from a pure retail model towards a universal banking model – the traditional deposit and lending business still dominates.

Altogether there are 55 active banks in Australia. The banking sector is dominated by the "Big Four," the four major Australian banks, who divide the market among themselves and account for eighty percent of private loans in Australia.

Credit Institute	Total assets	Market capitalisation
Commonwealth Bank (CommBank)	753.90 (2014)	154.80
Westpac Banking Corporation	770.80 (2013)	123.43
Australia and New Zealand (ANZ)	642.12 (2012)	101.79
National Australia Bank (NAB)	862.00 (2014)	94.86

Table 8-1: Key figures for the "big four" (Source: Bank's annual reports)

With the exception of the Commonwealth Bank, 'the Big Four' emerged from regional banks at the end of the nineteenth century and acquired their status through acquisitions and mergers with other institutions. The Commonwealth Bank, however, was owned by the state until 1996, and exercised the functions of a central bank until 1959, in addition to commercial business.

These four banks are subject to the "Four Pillars Policy," which took effect in 1990: a reciprocal ban on acquisitions, which was put in place to prevent the monopolisation of the Australian banking sector and to guarantee fair competition. This, however, led to a de facto oligopoly of these banks. On the one hand, this limits the competitive pressure; on the other, limited competition allows for longer-term planning, thus contributing significantly to the stability of the Australian banking system, (as evidenced during the Global Financial Crisis). Accordingly, the Four Pillars Policy is ideologically controversial, but is even considered worthy of protection by the current Liberal-National coalition government. In addition to the Big Four, the retail market is served by small credit unions that were mostly occupational, at least originally.

	Total Assets (2010, in AU$ billion)	Share (%)
Big Four	1 812	74.5
Other domestic banks	295	12.1
International banks	327	13.4
Total	2 434	100.0

Table 8-2: Australian banking sector by total assets (Source: Australian Financial Markets Association 2014)

International banks in the Australian market are particularly active in the investment sector, given that this sector is the least covered by local institutions. However, these are largely niche activities with relatively low volume.

Unlike the highly concentrated banking sector, the organisation of pension funds is heavily fragmented. Originally, Australian pension funds were operated either by companies or branch unions. In the 1970s, the sector was liberalised. In addition to "industry funds", this also created individual company funds as well as funds managed by private vendors. However, the largest share in absolute numbers is taken by small funds: self-managed funds or funds drawn up for (up to four) individuals, managed by a professional fund manager.

PENSION FUNDS			
	Number of entities		
	2009	2010	2011
Corporate	190	168	143
Industry	67	65	61
Public sector	40	39	39
Retail	166	154	143
Small funds *	406 318	427 825	460 082
Pooled Superannuation Trusts	82	79	77
Total	**406 863**	**428 330**	**460 545**

Table 8-3: Number of different Australian pension funds (Source: Australian Bureau of Statistics 2013)

** Small Funds: max. 4 beneficiaries*

In this system, all workers are responsible for their own investments to a large extent, since it has to be chosen from different fund products, which are diversified according to investment style, type of investment, and risk. Since virtually every Australian is thus directly involved in the financial markets with their own capital, Australia could be considered as the ideal type of a "shareholder society".

8.2.4 The Contemporary Importance of Sydney as a Financial Centre in the Australian context

For a country of its size (approx. 23 million inhabitants), Australia has a relatively large financial sector that is particularly important for the economy as a whole. While the Australian economy as measured by GDP ranks 14th worldwide, the fund market (managed assets) is the fourth-largest by volume in the world and the largest in Asia. The equity market (equities, bonds, and cash) is the seventh-largest in the world and the second-largest in Asia after Japan. The added value of the financial sector in 2009 (year one after the GFC) amounted to 7.5% of GDP, which is comparable to that of the United States, Britain, and Japan. Luxembourg (52.9%), Hong Kong (19.5%) and Singapore (12.6%) have a higher proportion; Canada (6.5%) and France with 4.6% have less (all data: Australian Financial Centre Forum 2009: 19). Australia has weathered the GFC relatively well, but at the same time there has been a huge outflow of industrial production abroad. Because of this, the financial sector now comprises 9% of the Australian economy – the largest share of its total value (Australian Bureau of Statistics 2013).

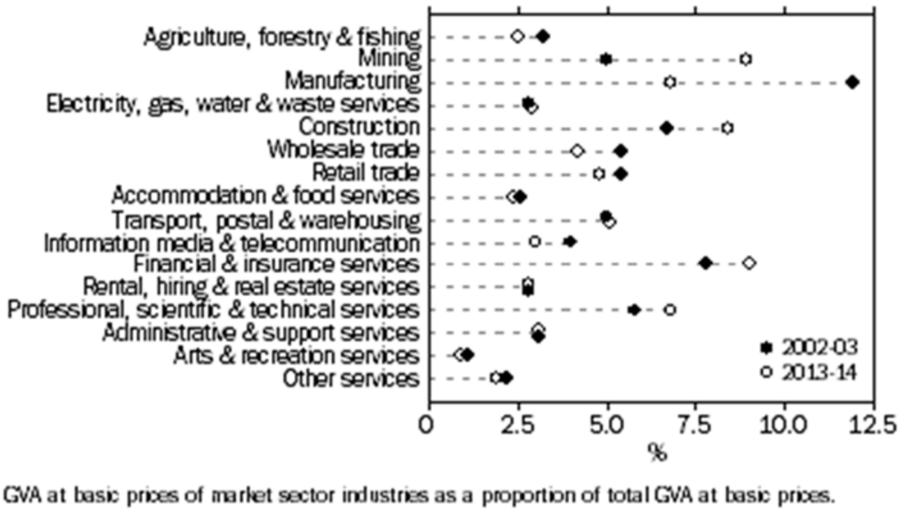

Figure 8-7: Contribution of Economic Sectors to the GDP (Source: Australian Bureau of Statistics 2013)

In the ranking of the most-traded currencies of 2014, the Australian Dollar is in 5th place (behind the US Dollar, Euro, Yen, and Pound Sterling) and represents 8.6% of global currency trading, whereas Australia's share of the global GDP is just 1%. In 2013-2014, the total turnover on the financial markets was over AU$125 trillion (approx. US$100 trillion, or roughly 66 times the Australian GDP).

The reason for the size of the financial sector can be found in the structure of the Australian economy. For one, it is focused on the highly capital-intensive energy and raw material sector. Secondly, Australia's settlement structure is extended and dominated by owner-occupied houses (rather than rental properties) (Australian Financial Centre Forum 2009; Murphy 2011). This creates a high demand for capital in the population as well as high infrastructure costs. These two factors create strong demand for capital, which cannot be covered by domestic savings alone – this is why Australia traditionally has a negative capital balance.

These demand factors are offset by the mandatory, funded pension scheme: the so-called "superannuation" system – a large pool seeking investment capital. Unlike in Germany, there has never been a levy-based pension system. However, employers in Australia are required by law to pay a certain minimum percentage of salaries (in 2014, it was 9.5%; more was usually paid voluntarily) into a designated superannuation fund that cannot be accessed until retirement. State pension benefits are limited to an extremely low minimum pension and payments to superannuation funds for low incomes.

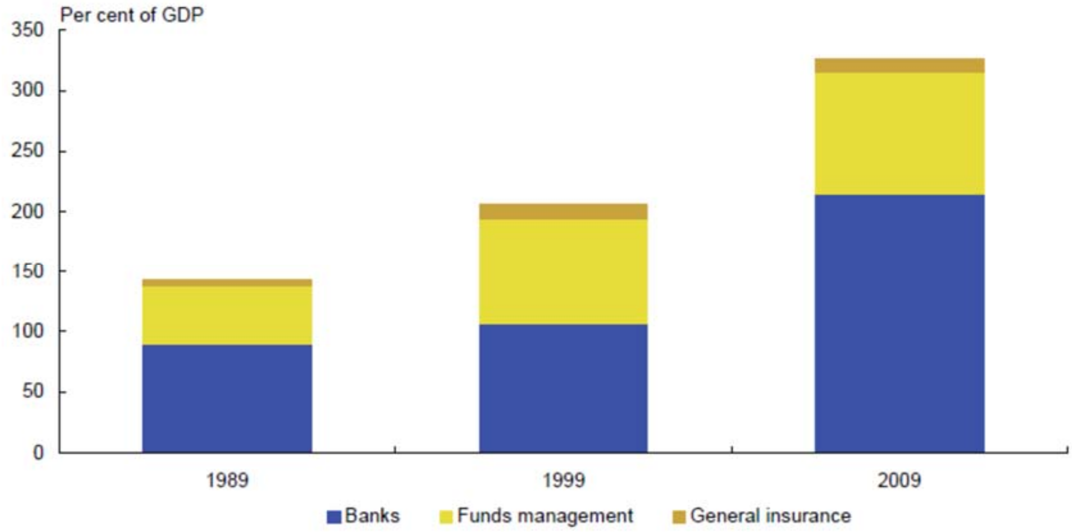

Figure 8-8:Investments in financial markets in relation to GDP (Source: AFCF 2009).

In 2013, deposits to superannuation funds amounted to approx. AU$1.6 trillion and therefore represent a large stock of capital to fuel the capital market.

According to this supply/demand configuration, a functional division of labour has emerged between the banks and the superannuation funds. The main area of business of Australian banks is classic long-term credit lending: on one hand in the form of mortgages on real estate for individuals; on the other as credit lines for companies. Unlike the model of "Deutschland AG", the banks are barely involved directly in the companies. Conversely, the financial resources of the superannuation funds are primarily invested in (domestic) stock. International transactions mainly involve the currency market. The reason for this lies mainly in Australia's role as a commodity exporter and as an importer of investment capital.

A second component along which international connections evolve is the demand for securities and derivatives. Firstly, this arises from the need to hedge exports against price erosion, and secondly, to minimise the investment risk of the superannuation funds. Due to the traditional business model of Australian banks, their expertise in this area is comparatively low, which is why this segment is dominated by international players and their Australian subsidiaries. Conversely, these circumstances have meant that the Australian financial market remained relatively untouched by the 2008 financial crisis. Thus, Australian banks remained profitable while European banks in particular lost ground. The Australian 'Big Four' also managed to save their market value during the crisis.

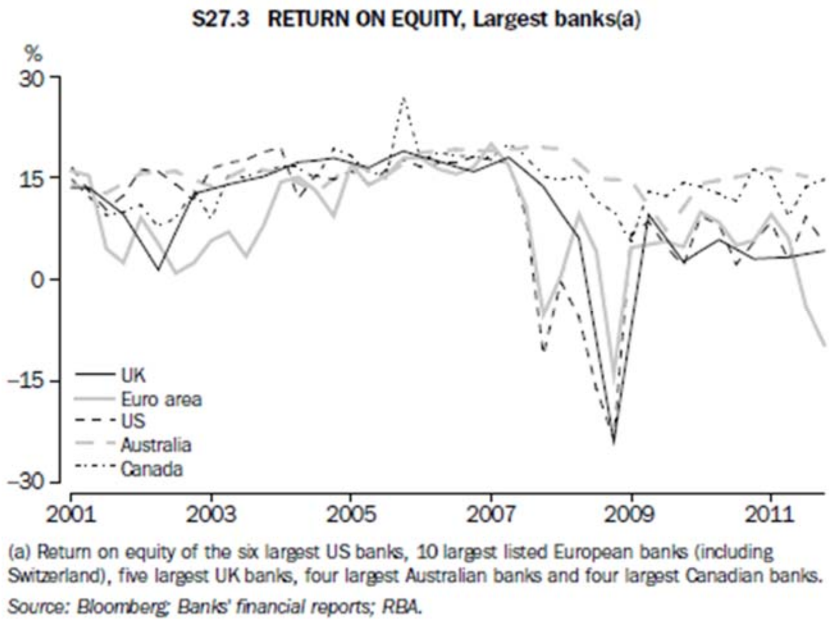

Figure 8-9: Return on equity of the largest banks in international comparison (Source: Australian Bureau of Statistics 2013)

Due to the importance of financial markets in the Australian economy, it is a declared aim of the Australian government (of whatever stripe) to strengthen the role of Sydney as a financial centre with respect to international competition (Australian Financial Centre Forum 2009, Financial System Inquiry 2014). This is primarily due to the sector's contribution to economic growth.

Reports from expert committees (Australian Financial Centre Forum 2009, Financial System Inquiry 2014) have each reached the paradoxical conclusion that on the one hand, the domestic orientation of the Australian financial sector is one of the strengths of the financial centre because it contributed to the great resilience it has demonstrated against global shocks. On the other hand, a more open approach – for example, by simplifying the tax regime, easier access to the labour market for international financial professionals, and increased innovation and competitiveness of the financial sector – is required. The hope is to attract more international capital and thus ensure economic growth.

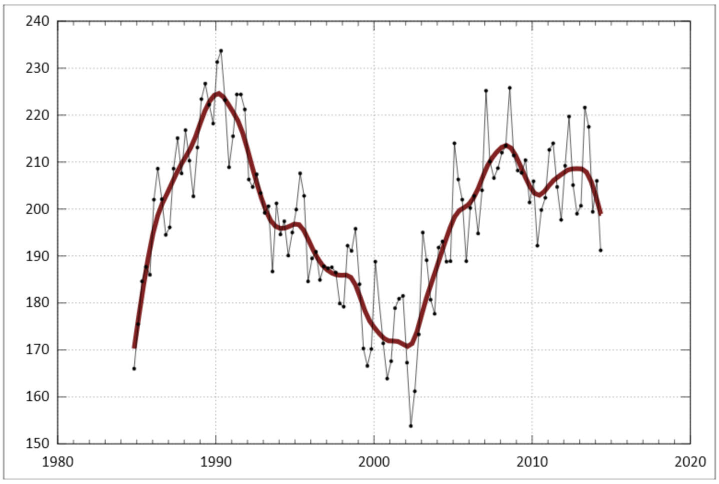

Figure 8-10: Employees in the financial sector since 1984, in thousands (Source: Australian Bureau of Statistics, several series).

The importance of the financial sector for the Australian economy is also reflected in the number of employees. In 2015, around 190 000 people were employed in the financial industry. The development of employment figures points to the economic and technological development of the financial sector: an initial boom began with the liberalisation of the capital markets in 1983. The economic crisis of the early 1990s and the increasing digitisation and automation of the financial sector subsequently led to a sharp decline. With the increasing financialisation of the economy through derivatives and increasing global financial flows, the number of employees rose again after the bursting of the New Economy bubble. After the 2008 financial crisis, it decreased again.

8.2.5 Urban Development in the Global City Sydney

As the first European settlement in Australia and the capital of the first colony of New South Wales, Sydney was mainly a commercial and administrative centre. The city's historical development was determined by the free availability of land for European settlers and the absence of effective urban planning. This is reflected in the political structure to this day: the Sydney metropolitan area currently comprises 300 suburbs, which are divided into 41 "Local Government Areas." An overarching city government does not exist. The actual city of Sydney is limited to the Central Business District, which extends about 2km west from Sydney Cove (now Circular Quay), as well thirty adjoining suburbs. Historically, the political structure of the metropolitan area was subject to many changes, and is still the subject of fierce debates. For instance, a reduction to 18 or 24 council areas is currently being discussed. This structure results in an unclear division of responsibility between local, state, and federal levels of government, which is further complicated by the vested interests of various authorities at different levels. These factors favoured the emergence of a settlement structure of "suburban sprawl," which began with the immigration waves of the early twentieth century and characterises the metropolitan area of Sydney to this day.

> As in other global cities, the development of Sydney as a financial centre affects the cityscape. Today, its city centre is characterised by the skyscrapers that are generally associated with financial centres. It was symbolic that the first skyscraper, the headquarters of the Australia Mutual Provident insurance company, was built on the site of the Farmers and Grazer Building: "Finance capital was conspicuously supplanting pastoral capital" (ibid.).

The nineteen-sixties and -seventies saw a first skyscraper boom, supported by the development of Sydney as a financial centre of regional importance. It came to an end with the recession and the political movements of the 1970s. Development plans for the historic working-class district, "The Rocks," which lies adjacent to the CBD, were halted by resident protests. In the 1980s, the growth of the city moved to ever more remote areas, making strong investments in infrastructure necessary. In the political climate of the 1990s, these projects – especially major road projects such as the Harbour Tunnel and the rail link to the airport – were borne by public-private partnerships or entirely by private investors. This orientation towards economic interests can also be seen in the planning proposals of the time (see Searle 1996). For instance, the theme of "global competitiveness" became a key planning objective. To attain it, the government of New South Wales significantly cut back the responsibilities of local councils and loosened environmental and planning standards: "Sydney became a metropolis of projects, largely driven by private capital and with central authorities guiding significant development through mechanisms that removed development consent from local councils" (Ashton and Freestone 2008). This is particularly evident in the development of the former port areas at Darling Harbour into an entertainment district, in the construction of "up-market" shopping malls in the CBD, as well as a focus on the establishment of high-priced residential spaces such as the so-called "Central Park" in Haymarket, a former inner-city industrial area.

This was accompanied by a process of gentrification of the former working-class suburbs of the Inner West such as Glebe and Newtown, which is currently expanding into Marrickville, Tempe, and Green Square, as well as a rapid increase in property prices throughout Sydney. For example, the median price of single-family homes (the dominant design) for all of Sydney is about AU$745 000. Assuming typical conditions for a mortgage (10% down-payment and a monthly rate of 29% of income), an annual income of $155 499 is needed to finance a home purchase – an amount attained by about 13% of Sydney households (*Daily Telegraph* 2015, Australian Bureau of Statistics 2011). Due to the importance of private property for retirement under Australia's "asset-based welfare regime" (Doling and Ronald 2010), this currently makes for intense political disputes.

8.3 Comparison

Though located within differently structured economies, Frankfurt and Sydney are currently financial centres of similar rank.

For instance, the Global Financial Centres Index 2015 (Yeandle 2015) lists Frankfurt in the 19th position and Sydney in the 21st. Within Europe, Frankfurt is ranked fifth, within the Asian/Pacific region, Sydney is sixth.

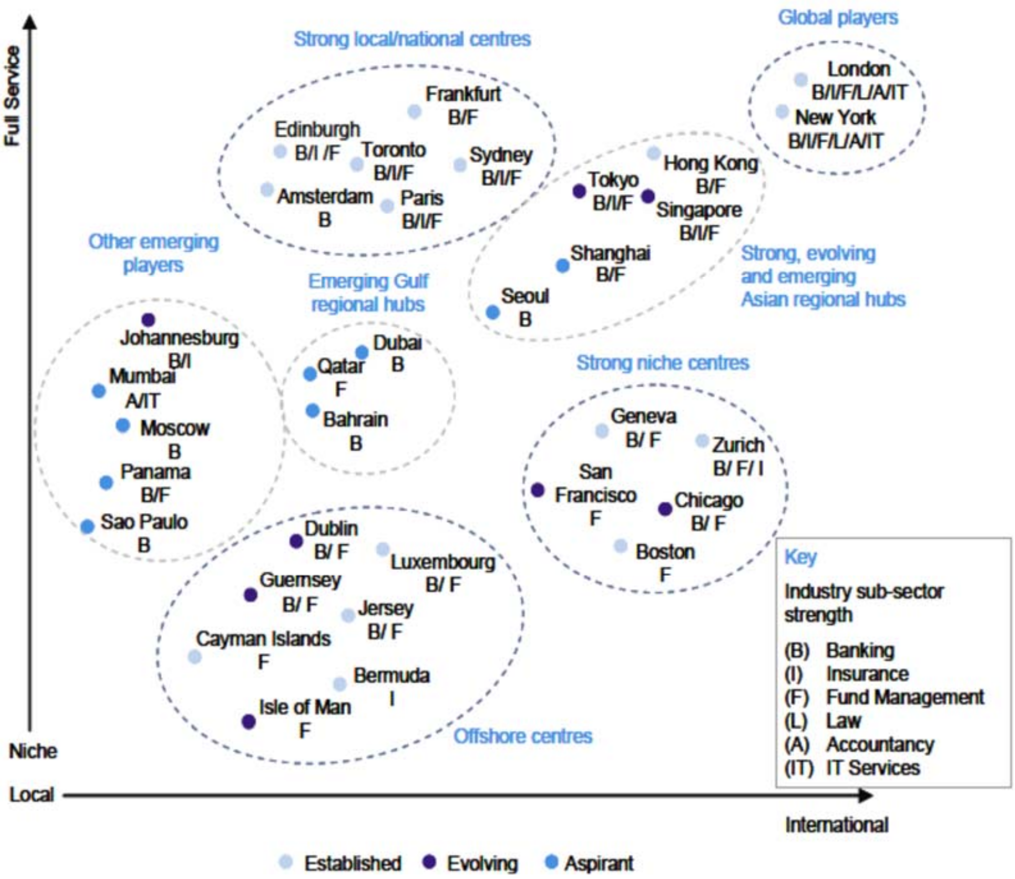

Figure 8-11: Categorisation of Financial Centres (Source: Australian Financial Centre Forum 2009: 10, emphasis by this author)

In recent years, both cities have shown a downward trend in the GFCI ranking. While Sydney was still ranked ninth in the Global Financial Centres Index in 2007, the city dropped to 23rd in 2013 and 2014. In 2015, Sydney would improve its rank to 21st. Frankfurt's ranking in the GFCI fell from 8th in 2009 to, currently, 19th. Despite this worse classification in the overall ranking, Frankfurt is the only European financial centre alongside London that is listed as a "global leader" in the GFCI, i.e., a financial centre with two key characteristics: "broad and deep financial services activities and [...] connections to many other financial centres" (Yeandle 2015: 13). This means that Frankfurt achieves high scores in the categories diversity in financial services as well as connectivity of the financial centre. Sydney differs from Frankfurt, particularly in its connections with other financial centres. Compared with Frankfurt, Sydney's financial sector has a much stronger internal orientation (and thus lower connectivity), and primarily serves the national market.

The consistently higher GFCI rankings of other European financial centres (Zurich, Geneva, Luxembourg) do not somehow indicate a strong competitive relationship within Europe. Switzerland and Luxembourg are considered excellent investment locations that practice a high degree of secrecy and therefore attract large sums of private and corporate assets. However, these financial centres do not offer the same depth and breadth of financial services, and their advantage is based on a high degree of specialisation and nationally applicable regulatory advantages. For example, Geneva is one of the most important European locations for private banking; Luxembourg is a leading centre for investment funds and Islamic finance (Zademach 2014: 106).

The GFCI suggests that especially Asian financial centres continue to gain in importance, while the Western European Top 10 lost ground: "Leading centres in the region all fell in the ratings, with Zurich, Geneva, Luxembourg and Frankfurt joining London in losing ground" (Yeandle 2014: 2). It is safe to assume that Frankfurt as well as Sydney face the rise of "emerging markets" acting neither as established or saturated economies nor as drivers of this growth process, since Sydney's international relevance is also diminishing relative to other Asian financial centres. In the Asia-Pacific region, Sydney is ranked behind Hong Kong, Singapore, Tokyo, Seoul, and Shanghai. One reason for this is that Korea, China, and Japan have taken measures in their own interest to keep formerly out-flowing capital in the country. Unlike Australia, Japan, as well as China and South Korea, have higher savings than investment rates. In addition, both China and South Korea are considered stable growth markets, while Australia is considered a "saturated" Western economy.

Paradoxically, therefore, de-industrialisation could be identified as a weakness: while the aforementioned countries create investment opportunities by expanding local industries, Australia is reliant on the volatile commodity sector. The "end of the commodity bubble" often predicted in the media thus makes investments in Australia uninteresting – at least as far as media discourse is concerned. In addition, markets that are served from Sydney, such as Thailand or Indonesia, are suffering political crises.

In addition to various quantitative structural measures regarding the economic environment, infrastructure, development of the financial sector, and the existing human capital, the GFCI is mainly based on a survey of finance professionals. This allows for different typologies. Both Frankfurt and Sydney are classified as financial centres with "depth" and "breadth", i.e., all divisions of the financial sector are represented in these cities and regarded as highly developed by international standards. However, Frankfurt is classified as a "Global Leader" while Sydney is listed under the category of "Transnational." This assessment is based on the level of awareness and a subjective assessment of the importance of cities from the perspective of finance professionals who do not live in these cities. The gradation 'global – transnational – local' is measured by "[...] the extent to which a centre is well known around the world, and how much non-resident professionals believe it is connected to other financial centres" (Yeandle 2015: 11, emphasis by the author).

The position of a city on this index depends on subjective judgments, which may differ greatly from substantial properties. Consequently, and corresponding to the functioning of financial markets, we are dealing with reputation assessments or expectations of market participants. These subjective assessments act as an important factor in the positioning of a city in the global system. As already indicated in Section 8.4 the consequence is that the political system is strongly geared towards the expectations and needs of the very elites who nominate the winners and losers in the ranking.

Sitting behind the formulation of such indices is the assumption that cities in global capitalism are interconnected in a hierarchical system, competing for positions. The era of global capitalism is understood as being dominated by transnational corporations that control the global networked economy, and that have superseded states as central actors (Sassen 1991). This is accompanied by a changing conception of space: the decisive factor for economic prosperity is no longer a territory to be controlled (or belonging to one), but the importance of specific locations within global financial, communications, and trade flows (Robinson 2009). Accordingly, "global cities" unite the economic and political "command and control" functions, while production takes place in locations dispersed around the globe. Therefore, it is essential to the position of a city in how far it succeeds to attract precisely these functions of "command and control" (Sassen 1991, Sassen 2005).

This model of cities in competition with one another is often treated with scepticism. One such argument is that we are not dealing with a form of economic competition (for profits). Rather than profit-oriented, the competitive objectives of cities are multidimensional (cf. Hu et al. 2013: 2ff) Hu et al. (2013) develop a multi-factorial model of the "competitiveness" of cities, which draws on various sources of data and divides in them into six dimensions (see Fig. 8-11). The resulting profiles for Frankfurt and Sydney turn out to be quite similar. In particular, quality of life and sustainability are recognised as strengths of both cities, while the competitors Hong Kong and Singapore score primarily through business-friendly governance. The analysis by Hu et al. also shows that in the dimensions "enterprise hub" and "creativity and diversity," there is a significant gap between the values of London and New York versus all other global cities; Frankfurt and Sydney feature in the middle range in both dimensions. This is partly a result of the method of measurement, since the dimension "creativity and diversity" is determined primarily by the presence of global elite universities, while the proportion of foreign nationals in the resident population is treated as a secondary consideration. However, this serves to highlight the hierarchical organisation of the global city network.

In this analysis, Frankfurt also benefits from the importance of its international airport and its role as a telecommunications network node. The ongoing importance of the argument concerning Frankfurt's transport connectivity, together with the city's central location, is evidenced by the fact that the central location of Frankfurt Airport as a hub for European and international aviation played a central role in the choice of Frankfurt as the seat of the European Central Bank, whose headquarters opened in March, 2015.

When looking at the number of central headquarters of global corporations within a global city as an indicator of its status, a different picture emerges. While more transnational corporations (TNCs) are located in Germany in total, Sydney proves to be a much larger and more diversified centre. While Frankfurt is more strongly dominated by the financial sector (Frankfurt is home to the headquarters of one pharmaceutical and one industrial group), Sydney is also home to the headquarters of consumer goods (3), industrial (2), and energy companies (2), as well as an infrastructure company of international standing.

Forbes 2000 List of the Largest TNCs, Locations of Corporate Headquarters			
Germany	53	Australia	44
of those in Frankfurt	6	of those in Sydney	21
---- of those in the financial sector	4	---- of those in the financial sector	13

Table 8-4: Forbes 2000 list of the largest TNCs, locations of corporate headquarters in Germany and Australia (Source: Globalization and World Cities 2012).

This illustrates how the economic structure in both cities has grown historically. While Sydney was always a commercial and political centre for New South Wales (and Australia) as well as a financial centre, the German city system is highly diversified.

The impression is reinforced through consideration of the financial sector. While Frankfurt-based financial groups have a lower market value (market capitalisation), both liquid assets and debt are higher. This is due to the business practices of German banks, which is still strongly focused on lending; and it is also reflected in the balance-sheet totals. Australian financial groups, in contrast, are more focused on the financial market and therefore tend to be funded through stocks rather than loans. In Sydney in particular, some investment banks show lower balance-sheet totals and lower loan financing, yet higher profits, due to their business model.

	Frankfurt	Sydney
Number of transnational corporations	4	13
Market capitalisation (billion USD)	75.68	247.93
Liquid assets (billion USD)	950.71	248.69
Debt (billion USD)	848.90	491.99
Sales (billion USD)	99.91	157.89
Total assets (billion USD)	4 042.65	1 825.51
Profit (billion USD)	7.32	21.75
Employees	163 296	151 314

Table 8-5: Comparison of transnational corporations in Frankfurt and Sydney (Source: Globalization and World Cities 2012)

A number of other aspects are revealed upon examination of the two stock exchanges' structural data:

Stock Market Data, March 2015	ASX	DAX
Market capitalisation (million USD)	1 434 087.0	1941 475.7
Listed companies		
---- Total	2044	705
---- Domestic	1946	628
---- Overseas	98	77
Trading volume (mil. USD)	74 754.9	147 067.0
Number of trading operations in equity shares (in thousands)	16 174.05	10 267.08
Share turnover velocity	59.3%	85.9%
Number of securitised derivatives	4566	1375797

Table 8-6: . Comparison of the Frankfurt and Sydney stock exchanges (Source: World Federation of Exchanges 2014).

Thus, according to the model of the liberal market economy, participation in the financial market (number of listed companies, market capitalisation) in relation to the size of the economy is much higher in Sydney, while the total trading volume and the volume moved within one month (share turnover velocity) is significantly higher in Frankfurt. In addition, the Frankfurt bond market is much more important than that of Sydney. Overall, it is clear that the contrast between the coordinated market economy and liberal, Anglo-Saxon capitalism is also reflected in the economic structure of the financial centres.

The varying importance of funded pension schemes in Germany and Australia can be seen clearly with regard to the relationship between absolute investment assets invested by pension funds in 2012 and the gross domestic product. In the years 2001 to 2012, the proportion of managed investment funds to GDP in Australia increased from 73.5% to 91.7%, while in the same period, Germany only saw an increase from 3.5% to 6.3% (OECD 2013: 39).

Compared to Germany, the larger volume of the Australian financial sector is particularly striking. In the period 2006-2013, the net assets of investment funds in Germany rose from US$340 325 to US$382 976 million. At the same time, the Australian fund assets rose from US$864 234 to US$1 624 081 million. Thus the volume of managed fund assets in Australia is almost four times as large.

8.4 Conclusion

While the German economy continues to be heavily influenced by the industrial sector, in Australia the financial sector has established itself as the dominant industry, which gives rankings such as the GFCI a more prominent role in the political discourse surrounding the Sydney metropolitan area. While the focus in Germany is primarily on the deepening of financialisation, which is especially visible in the call for greater popular participation in the financial market, such as through the Riester pension, the focus in Australia is on the strengthening of the export of financial services. These two dimensions, financial accumulation and export orientation, can be understood as central elements in an evolving "finance-dominated regime of accumulation" (Boyer 2000, Stockhammer 2007). Frankfurt and Sydney are thus representative of two economies on different ends of the spectrum. While Germany, with its historically evolved industrial structure, is a leading export nation in the industrial sector, it barely exhibits wide participation in the financial market. The Australian economy, by contrast, has been consistently financialised.

The way in which both financial centres link their respective regional and national economies into a globally integrated financial system defines both, Frankfurt and Sydney, clearly as members of the global city network. The business models of the global corporations that dominate both financial centres are similar and have led to the development of comparable service structures in both cities. This is also reflected in the polarisation of socio-spatial structures: in both cities, the Central Business District, major urban projects, and residential areas that are highly diversified by income, dominate the picture.

Nevertheless, the financial centres of Frankfurt and Sydney have not discarded their specifics in favour of the enforcement of a global model of financial economics. The persistence of differences in the integration into global financial capitalism indicates that both cities are also globalising cities (Robinson 2011), which is to say, cities where globalisation is constantly produced and transformed. While in Germany, everyday experiences of financialisation – such as speculation by private investors or old-age security through financial market products – is much less pronounced than in Anglo-Saxon economies, the Australian financial sector still shows development needs because of its limited connection to the global financial industry. Thus it can be seen that local path dependencies based on historically different development paths inscribe themselves into a globally integrated financial system without resulting in a complete homogenisation of financial-market capitalism.

Against this background, instruments for comparing cities such as the GFCI may be understood as a political tool for the creation of an ideal type of globality, which in this context functions as a role model of local development. This is opposed by the resistance to change found in historically-grown institutional and cultural structures. In the context of a debate about the persistence or convergence of different "varieties of capitalism" (Hall and Soskice 2001, see also Chapter Three, pp. 42-51), it can thus be seen that, although uniform trends are visible, different local influences still have considerable impact.

In the context of my research question concerning whether the functioning of global financial markets currently produces a global financial class, the conclusion is that globality is not merely adapted as a prefabricated model by the members of a global class. In this respect, the structures of the different varieties of capitalism (see the discussion in Chapter Three, pp.42-51) are still effective and have not given way completely to a unified global economy. However, the increasing orientation of both cities towards global circuits of finance and its institutions, by way of cities positioning themselves as financial centres with distinct functionalities within the global field of finance, suggests that globality is constructed against a local background, incorporating and rearticulating local specificities in order to make this "locality" available to the global market. Hence, it is worthwhile to pay special attention to how global group formation, with its own worldviews and lifeworld impacts, is also produced locally.

9 A Global Financial Class? Trajectories in the Field of Finance

In this chapter I present the results of my interview study among financial professionals from Frankfurt and Sydney.

By analysing crucial points of the trajectories in the field – field entry, education and training, changes of job, occupation, workplace or organisation, and exit from the field – I can also reconstruct the utilisation of the forms of capital and strategies that the participants in the field employ throughout their career, and the "doxa" and habitus formed over time.

9.1 Field Entry

9.1.1 Education, Aspiration and Previous Work Experiences

The overview presented in tables 7-1 to 7-2 show the different pathways into finance. At first glance, the difference in educational systems between Germany and Australia is obvious: while virtually all Australian participants have a university degree – including all in the oldest cohort, the most common entry into the field among the Germans is through a bank apprenticeship ("Lehre als Bankkaufmann/-frau"). As part of the dual system of education, a bank apprenticeship is a three-year vocational training at post-secondary or higher-secondary level, combining practical instruction in the workplace with classroom lectures. Apprenticeships are usually offered with the prospect of full employment after completion, and thus represent an early start into a professional career. Originally intended for professions such as bank teller or various roles in sales and customer management, technological change, such as the proliferation of online banking and the digitalization of transactions, has rendered many of these positions obsolete. This is reflected in the drop of graduates from over 26 000 in 1991 to less than half (12 364) in 2006 (BIBB 2007: 2). While the practical orientation and basic work skills taught in this kind of training are still seen as positive by employers, the modernisation of the finance industry has led to tertiary degrees (bachelor level or higher) increasingly becoming a precondition for a career in finance. Therefore, in recent years bank apprenticeships have become increasingly offered in combination with a university degree in business ("duales Studium"). This model retains the unique employer- (and employment-) oriented characteristics of the German education system, while simultaneously incorporating the international standard of a university education into training for financial professionals.

Having studied a Business degree is clearly a natural pathway into finance, as it reflects a general interest in economic matters and, for most of my respondents, an aptitude with numbers. Elias's story is a typical example. He states the following about his decision to study business after leaving high school:

> […] I was always quite good at maths, with numbers. And then I was good at languages – my mother is French, that is to say, yes, with languages, talking to people….those were the things that interested me […] Mathematics, languages and somehow dealing with numbers and how the economy works – that was what interested me and so I thought: 'okay: Business Studies' […]

His rather general and abstract interest in "economic matters" was channelled into a career in finance through the structuration that the combination of studying business and a bank apprenticeship offered:

> […] I was a bit worried that at uni, if I get thrown into the cold water, that I won't immediately make it. And I thought: if someone gives me a structure, a firm – which says: okay, you have to this and you have to be there, then - those were the reasons for me to do a combined degree […]

Elias clearly aspired toward immediate success – he wanted to "immediately make it", despite being afraid of "getting lost" in the self-directed study environment of a university. So while the combination of studying and an apprenticeship is rather time-intensive, the interlinking of classroom-time and job obligations created a structure for Elias, through which he could make it through his degree without losing any time, while simultaneously securing an entry position in the financial field.

However, the entry into finance is not always so clear cut, as comparison with the sample from Sydney demonstrates. While the younger cohort from Frankfurt started their careers directly in banking (although not necessarily in the investment sector), all respondents in Sydney had a different job prior to their move to investment banking; however, this was often in a related field, such as accounting or insurance.

A common feature across both cities is the motive of aspiration, and a dissatisfaction with previous jobs, especially a lack of challenge and obstacles in career advancement. Consider for example William, a twenty-seven year-old, who started out as an auditor for a financial service provider. After three years he quit his job and now works as a junior analyst in a large investment bank.

> I: Why did you leave your auditing job?
>
> R: It was more accounting-based...I didn't like accounting. Well there's a bit of a stigma attached to it—
>
> R: A *stigma*?
>
> R: Accounting, it's not seen as that good of a job. Like it's an okay job but it's seen as a boring job and – I think it was a good place to start. They offer good training programmes internally and you learn how to deal with clients from quite a young age. You also learn how to train staff pretty quickly, so by my third year I was already coaching up accountants on jobs that I was working on. So in that respect it was good, but, I think you....the work wasn't complex or technical enough, to keep me interested, so after three years I wasn't learning enough new things and so I'd be spending a lot more of my time then starting to manage upward and downward expectations between my managers and my accountants – and so that would be a lot of your time and that wasn't always interesting for me. Learning new things and executing my work was a lot more interesting to me. So to come across to [the bank], into a new role, where I had some skills that were translatable but broadly a lot of it was learning from scratch. That was kind of what I wanted to do – I wanted to still be learning, because I was only 26 years old....25-26 years old and still had a lot to learn obviously, so that was the main reason why I left.

William's dissatisfaction with his accounting job stems on the one hand from a perceived low social prestige ("stigma"); on the other hand from a desire for more intellectual stimulation in his work life. He switched jobs when an opening at an Australian investment bank came up, about which he heard through a friend, who also "put him forward" for the position.

> My friend, he works....He used to work at [the bank]. He was in a different sector. He was in Mining and Resources, as an analyst as well. And so he recommended me. He knew that I was looking for a job at the time and that I had a bit of experience in terms of financial services and so he recommended that I should apply for the job. So I gave him my CV and I went through the

> interview process after that, which was quite strenuous, like five [or] six interviews, some testing and whatever. But, I was looking and I was always interested in finance. So, I graduated university in 2008-2009 which is when the financial crisis was, so there weren't many finance jobs going around. So that's why I went into accounting earlier, just as a bit more of an easier job to get. But after a couple of years there I got some experience up and I was prepared to switch and this was sort of a natural progression into finance, but not necessarily an easy switch to make. A lot of people would have to go through more management accounting jobs first and then from management accounting they might go into another forecasting or business analysis role, but it was good that I had a contact within [the bank] to be able to sort of put me forward.

Despite having had to go through the standard interview process, William attributes his success in landing the job in investment banking to his contact within the bank, since he assumes that normally, more experience in the accounting industry would be required.

Elias and William's cases are instructive for the systematic differences in field entry between Frankfurt and Sydney: while the German respondents are no more straightforward about their reasons and the choice to work in finance, the legacy of the corporatist institutional arrangement in Germany offers a straighter path into the corporate world by way of the dual educational system. Through apprenticeships in banks, which now can be combined with a university degree, young people are more readily integrated into the labour market than in liberal market economies (such as the UK or Australia). On a general level, these economies show a weaker coupling between the educational sector and the corporate world, with the consequence of higher youth unemployment. The institutionalised pathways and stronger "normal biographies" of corporatist economies on the other hand leads to higher unemployment among the aged population (Allmendinger and Hinz 1998, Heinz 2005: 188f).

Nevertheless, the difference between Frankfurt and Sydney in terms of pre-job education seems to diminish. The increasing academicisation of investment banking in the wake of globalisation, technological change, and financial innovation (Morrison and Wilhelm 2007) now makes a university degree the standard precondition for a successful application for work in this sector. The recent introduction of the combined study-apprenticeship programs in Germany is an implicit acknowledgement of this fact.

In a similar vein, the aspect of career aspiration is embedded in a different way in the more corporatist institutional arrangement in Germany than the liberal Australian economy. A good example is Joshua, who had a less-direct path into investment banking. After initially studying hospitality, he decided to change to economics and started out working as an insurance analyst.

> I went to the insurance market because I had a....most people who left an economics degree in those days would go to work for the government in treasury […] That's what a lot of people did. This new market, the insurance market was growing, there was a change in the requirements for them so they were paying more. […]
>
> So they started to pay more money. And I thought: I'm gonna go and work for them. I had been there [at the insurance company] for twelve months and the man sitting next to me was forty-two [years old]. I knew how much money I was going to earn the time I was forty-two….and I thought: well that's not a lot of money....and he dropped dead on a holiday. And I thought: there's no way I'm going to stay in this job until I drop dead. Um, he didn't have a degree, he was, you know one of those people that come up good straps, you know, work their way up and he got a good job. Um, I was lucky, I was advising the general manager, I was writing his speeches, I was preparing all his research papers. So that's what I did while I worked at the insurance company. […] I was an analyst. That's what I did. And then, I thought after a year, I don't want to stay here forever! And then an opportunity came up to work in the options market….

Separated from William's story by almost thirty years, Joshua's entry into the field builds on similar aspirations for more excitement; however, he is more explicit about the aspiration for higher pay. Already in the early 1980s, his career in Australia is guided by the multiple opportunities of the liberalised financial market. In comparison, Jens, who began working in investment banking in Frankfurt at roughly the same time as Joshua, describes how the opportunity structure in Germany was then still dominated by the expectation of lifetime jobs with comparatively small pay differentials:

> I can compare that quite well because I know [the bank] from a time when that whole investment banking business didn't play any role. This is to say, when I did my apprenticeship at [the bank], in the mid-eighties, there weren't bonuses in this sense, not even in stockbroking. The board didn't have any bonuses – they got a fixed salary and also the traders, the stock market traders

> for example – they didn't get any bonuses either, as I recall. They got the thirteen [extra months] salary and then a small fee on top, which was roughly another month's or two months' salary and that was it. And the people back then, especially those at [the bank], they worked there until they retired, even the people in the departments where today a lot of turnover is happening. Back then stockbrokers started out at [the bank] and stayed there….maybe they changed once to [another big German bank] and then they retired there. So, maybe it was one out of one hundred who then maybe changed to the Americans or so [but] that [was] really exceptional, and my boss back then was one of the last to uphold these old values.

In this environment, Jens was not so much motivated by the perspective of high income, but, initially, by a stable, continuous job. It was later that he became interested in the prospect of working overseas, coinciding with a cultural change in the industry, which would see this stability vanish.

In contrast, the younger cohort in Germany resembles their Australian counterparts much more. As Elias explains, the aspiration to "make a lot of money" is the prevalent driver among his generation to aim not only at working in banks, but for specific front-office roles within them.

> You have that a lot, so to say, among the younger generation, what they see in the media: some broker making some millions. And then you try somehow to get into these areas in your personal career as well. So: where you earn a lot of money and whatever, yes? And this is why there's a bit of a drive into these areas.

Elias's generalised account of the attitude of his generation is in stark contrast with the image of the "boring banking" that Jens describes. Both narratives tell of a profound cultural change in the German banking sector. While monetary aspirations were embedded and to a certain degree neutralised in the corporatist arrangement of life-long job security, thirty years later Elias sees the primary driver behind interest in investment banking in monetary aspirations: not merely making a high salary, but "making millions". While this aspiration may be, as Elias says, mainly generated through a media cliché (since not everybody in the field is actually making such amounts of money), it is nevertheless a powerful image of the expectations behind career choice. Compared with Joshua's story, the German experience appears to be one of "catching up": Jens' account also tells of loathing a boring lifetime career, with a calculable lifetime income, devoid of surprises. However, the change in Australia's liberal market economy happened two to three decades ahead of Germany.

It can therefore be said that, despite the legacy of the corporatist arrangement in Germany, which is still present through the educational system, career aspirations and expectations have adjusted to a similar level in both countries. Excitement, learning new things, a variety of experiences, and not least the possibility of high income are the central motivations to work in finance.

That these expectations are similar in both countries should not be taken as self-evident. For example, writing in 1992, Michelle Lamont observed fundamental differences in the aspirational values between the French and American middle-class professionals (Lamont 1992: 62ff, 71ff). Especially regarding "making money" and "excitement", she found that her American interviewees were naming these explicitly as motivations in their working life, whereas the French put emphasis on power (as opposed to money) and "intellectual style" rather than exciting experiences. In both cases, she argued, these aspirations were used in "boundary work" to define a class identity. While Lamont emphasised the difference between these countries in terms of the content of class boundaries, she nevertheless pointed out that the mechanism through which class boundaries were constructed used such value statements in an identical manner. Analogous differences in value orientations have been reported between Germany and Anglophone countries in the context of working life and careers (e.g. Gerpott et al. 1988). However, the similarity between statements from Frankfurt and Sydney, especially among the younger cohort, points toward a dissolution of the cultural differences between these countries. These differences were rooted in their distinct and different institutional arrangements of their respective economies (see the discussion in Chapter 3, pp. 42-51 and Chapter Eight, pp. 96-129). From Lamont's study we would expect that the corporatist legacy of the German economy, where stability and prestige were historically held in higher regard than "excitement" and "making money" (Gerpott et al. 1989: 443) would be articulated by the German respondents, and the free-market legacy of Australia with its accompanying egalitarian mindset (see also the following section) by the respondents from Sydney. However, the motivations to engage in the field of finance in the younger generation largely align across these two countries.

9.1.2 Class Counts - Hiring Practices in the Older Cohort

There has been a strong connection between banking professions and the class system of modern capitalism. The history of banking is part and parcel of the rise of modern capitalism, and with it, the formation of the bourgeoisie as a social class. Historically, in continental European countries, "finance capital" has had close connections to national industries and the state, especially in Germany, where the big banks formed the backbone of a state-driven industrialisation programme in the nineteenth century (Wetzel, Flück, and Hofstätter 2010).

For investment banking in its historical form as merchant banking,[18] the story is slightly different: linked to overseas trade, there was always an international side to the business. The historical roots of the practices of merchant banking developed throughout the late eighteenth and early nineteenth centuries in London. In contrast to continental Europe, where finance was predominantly oriented "inwards" toward the expansion of domestic industry, Britain's imperial expansion created the demand for the risky financing of overseas trade, making finance an "outward-oriented" business and an integral part of imperial expansion (Bowen 1996: 60ff).

The original merchant banks were owned by only a handful of families; however, many of them where not British in origin. They established a particular "moral order" underpinning the market, based upon the trust of "a gentlemen's word", which "fused the traditions of the English landed gentry with those of the public school system"[19] (McDowell 1997: 48). This system of "gentleman's capitalism" was built upon the class identity of its participants, "expectations of reciprocity, common outlook, identification of interest and sheer coercion in the name of a social ideal" (Scott, 1991: 53). As Alex Preda (2005: 52ff) argues, the social closure of such a status group not only guaranteed trust and a necessary common culture among market participants; by forming an exclusive sphere within the world of finance, cordoned off from the "lower" spheres of the lending business of retail banks, the social closure of merchant banking also allowed the appropriation of monopolistic profit, and legitimised it through an outwardly-oriented demonstration of status. As such, similar social closure existed on the stock markets of France and the USA, enacted through legal and informal rules of access. However, nowhere was its class character as distinctive and durable as it was in London, where merchant banking remained an exclusive domain of family dynasties well into the twentieth century. The dominance of the "old city" only diminished with the financial market reforms of 1986, often

[18] The term "merchant banking" historically refers to the issuing of long-term loans and international finance. While this term is still sometimes used, these functions have been absorbed into what is now called investment banking, which also includes activities such as trading, mergers and acquisitions, and equity research.

[19] The term "public school" in England refers to independent elite private schools, as opposed to state schools.

referred to as the “big bang”, when the city was opened for international banks, who quickly began to dominate the business (McDowell 1997: 49).

Consequently, the social closure of merchant banking was expressed most prominently in its hiring practices. These were based on a rather informal interview process, where class membership was prioritised over merit. While university-level qualification was usually part of the social background, they were often not pertinent to the skill requirements of finance, and men from the right families could even gain employment without any type of formal degree (Ashley et al. 2017: 64).

Just like the corporatist arrangement in Germany has its legacies, the culture of the “boy’s club” in the city of London lingers on. Christopher, who now works in Frankfurt, but started his career in London, experienced the late phase of this configuration, as evidenced in his account of his first job interview. He came into the business by way of an office-temp job in London in the early 1980s, after a degree in German Studies.

> […] I replaced an office assistant, and supported the secretary with account settlements, with stock value calculations, put them in envelopes, post them, for maybe a week – because someone got ill. And then I got there, quite well-dressed in a suit and went to the director of that department and introduced myself […] and he watched me during this week and said “what are you doing here?” and then I said, I do that for that temp agency and he says “so why are you doing that?” and then I said: I want to have a look how things work in the City, and I’m looking for a job and I want to get to know the city […] Then that job got extended by a week because that person stayed sick and in the second week he [the director] said, “the lady over there transfers into the Swiss branch: would you like to have that position? Would you like to apply for this position?” And then I said: yes, of course. So he said “well, then talk to my colleague, director level, tomorrow at ten.” The interview consisted of three questions: What does my father do? Which newspaper do I read? And, do I play cricket? And then I got the job.
>
> I: And what *does* your father do? What newspaper *do* you read? And, *do you* play cricket?
>
> R: ‘Yes’ I played cricket, I said back then. I read the *Daily Telegraph* and the *Financial Times*, of course. And my father, back then, was a retired engineer. I told them that, although in reality, he ran a corner shop. He *had* quit his

> engineering job and had said "that's enough: I now want to run a small store with my family" – a corner shop and liquor store. And I knew I couldn't tell them *that* – this is why I said 'retired engineer': it sounded more appropriate.

Christopher's job interview consisted entirely of textbook questions about class membership (cricket as a sport having a strong upper-class connotation), and, by the proxy of which newspapers he was reading, political affiliation. In his own account, he was able to "fake it", which was helped by his appearance (even in the interview for this project his dress-sense stood out compared with other interviewees from Frankfurt – he was wearing a clearly expensive, hand-tailored dark suit, a shirt with golden cufflinks, and black Italian designer shoes).

Compared to Britain, class plays a very different role in Australian society. On the one hand, the image of Australia as an egalitarian society, built by the rejects of an imperial power on the principle that everybody should have "a fair go" remains a prevalent trope in the popular discourse. Egalitarian tendencies indeed were (and to some degree still are) powerful in terms of everyday culture and politics.[20] For instance, the Australian working class gained relatively easy access to political institutions long before Britain introduced general suffrage (Thompson 1994: 13). On the other hand, the "ruling classes" of the former colony retained strong connections to Britain. These connections were not only economic in nature – they also supplanted parts of British class-culture into the (post-)colonial society. The owners of land and capital "attempted to imitate and reproduce the 'old country'" and "imagined themselves as a sort of colonial aristocracy" (Cann 1995: 33). Many hallmarks of the British class system were therefore reproduced in Australia. The most notable expression of class in Australia is found in the system of prestigious private schools which "cater for an occupational and economic elite" (Connell 1977: 158), thereby reproducing class boundaries at an early age.

Akin to the stock exchanges and merchant banks elsewhere, the financial market actors in Australia established lines of cultural-social closure around the stock exchanges in Sydney and Melbourne, and the merchant banks that would develop around them. In particular, the Sydney market was, until the deregulation of the 1980s, organised in a "gentlemanly, club-like" fashion, dominated by only a few small family-run firms – often fathers and sons (Tilston 2016: 85).

The first Australian merchant banks, which were established in the 1950s, grew out of this milieu and continued this culture (Sedgwick 1984: 29), as Joshua's account of his first job interview with an investment bank, in the early 1980s, shows.

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[20] However, this egalitarianism applied only to the colonising population, and excluded Aboriginal people, who to this day are by far the most disadvantaged group in Australian society.

After working for an insurance company, he wanted to change into the newly developing investment banking sector. He applied for a job opening as an options trader, without any previous knowledge about the field. He describes his first job interview at an investment bank as follows:

> They asked me – this interview went for five minutes. They said what school did I go to […] So that was the first thing, they said what school did you go to and I said I went to [prestigious private school] and they said: "Oh that's a tick". Um, because you couldn't have gone to a Catholic school, stockbrokers typically weren't catholic. All right? This um, I'm telling you this is....The second thing is, they asked, they asked me how how rich was my father was, and I explained what my father did […] he owned a series of companies […]. And he was very successful, it was a very big concern, so they, that gave me a tick and um they said: "What clubs do I belong to?" and I thought well I just joined the Young Liberal Club [youth organisation of the Australian Liberal Party] […] So *that* was a tick, because the stockbroker I happened to have been talking to was [XY], which was the number-one house at the time, and they were a funder of the Liberal Party and, you know, they had all these associations so it was a very good tick. And they said: "you can start Monday". That was my job interview. Nothing about do I know anything about options – which I didn't. Nothing else about really where I'd worked previously. But you had a degree, um, you look a smart person, you come from a wealthy well-off family: you got the job!

Separated by roughly 17 000 kilometres, Joshua's experience in Sydney is virtually identical to Christopher's in London at the same time. Again, the interviewers' questions correspond to what a sociologist would ask when determining the class situation of an interviewee: occupation of the father, educational background, and political leaning. Both describe a hiring process not based on their skills or work experience, but on social markers such as appearance, family background, and cultural fit with respect to the group of merchant bankers – all of which were established in a rather informal setting.

Through these interviews it becomes clear how deeply the field of finance in Britain and Australia was dominated by the category of class, at least at the time when Christopher and Joshua started their careers. Many other professions, such as lawyers and medical doctors, are generally known to recruit from the upper-middle class as well. However, the mechanisms reproducing class in such cases are usually social selection through the education and university systems, where class advantage plays out in the form of a "head-start" through connections, private education, and richer material and cultural resources in – at least formally – meritocratic fields, and social closure through "credentialism" and legal barriers (see e.g. Bourdieu and Passeron 1990, Breen and Jonsson 2005, Weeden 2002). While all of this surely is at play here as well, these accounts speak of a much more obvious form of social selection and social closure in the field of finance, devoid of meritocratic elements.

Such a treatment of class, as in the interactions reported by Joshua and Christopher, tells of a societal context where certain class markers are self-evident and taken for granted. That Christopher was able to "fake it", and that he knew what would "get him through the door" speaks of the salience of class culture in Britain generally, and of a strong embeddedness of class in institutions such as the educational system. It is therefore probably highly distinctive of London and Sydney in the early 1980s. An indication for the specificity of the experiences of Joshua and Christopher can be found in the comparison with the situation in Germany.

At a first glance, class is a less salient category in Germany. This can be illustrated by the overall levels of income inequality in Germany, which are significantly lower than in Australia or Britain. According to the OECD, the Gini-coefficients for the distribution of disposable household income are 0.358 for the United Kingdom, 0.337 for Australia, and 0.292 for Germany. This places Australia and the UK among the top third of OECD countries in terms of income inequality, whereas Germany lies below the OECD average of 0.318 (OECD 2016: 6). However, social mobility between classes in Germany and the United Kingdom is at a similar level, which is relatively low compared to other European countries (Breen and Luijkx 2004: 47). Despite the lower overall inequality, the class structure in Germany is considered as rigid as the British, with very little intergenerational exchange between classes (Müller and Pollak 2004).

This rigidity is less obvious in Germany, primarily because visible institutions with a clear class character, such as private schools in the UK or Australia, or designated "elite" universities, do not exist in the same fashion. This is not to say that the German educational system does not reproduce class – indeed research suggests that it is highly stratified and reproduces class inequality quite strongly (Müller, Mayer and Pollak 2007). It does so through an early sorting of students into different streams in the German school system, leading to strong intergenerational reproduction of class differences in educational attainment (Krüger et al. 2010: 9). However, in the absence of clear class markers, such as graduating from Oxford or Cambridge, or attending prestigious private schools, the reproduction of class in the recruitment from the labour market works differently. As Michael Hartmann argues, it is rather personal traits and attitudes, or in other words, the “class habitus”, which is more directly responsible for the reproduction of class in the occupational structure. In Germany, class habitus unfolds its effect not via mediation through class markers, but in a more personal way – primarily in the informal recruitment situation for high-level jobs, where such traits are being tested (Hartmann 2000: 257).

Andrej’s account gives an example of these practices. As the development of investment banking occurred about a decade later in Germany and signified a break with the institutional arrangement of a coordinated market economy, a social order like that found among the merchant banks of Sydney or London was not in place. This does not however mean that the entry process was more meritocratic, as Andrej describes.

> (Excerpt from field notes) His entry into the financial sector happened by accident. He had studied law without knowing what he wanted to do after that. In 1993, at the end of his studies, he met a friend at a party. This friend ‘wore Armani suits, an expensive watch, and had a lot of money’. Andrej therefore let him know that if he had a job for him, he should call. The friend did ‘something with capital market fixed income’. Andrej ‘didn’t have a clue’ about capital markets and was also unfamiliar with the friend’s job title.
>
> Andrej studied Administrative and European Law. He had heard that in order to get into finance you would have to do a lot of internships and he did not want to do internships at all. During his bar exam, the friend from the party called him and offered him *his own job*, despite Andrej not even having basic knowledge about finance. He also was not proficient enough in English. The job offer was then amended to reflect these limitations and Andrej was subsequently offered the role of ‘Assistant to the CEO’ at a big Swiss bank. The CEO was Swiss and had just moved from Luxembourg to Germany and required someone with legal expertise for the German market. This was to be Andrej’s job.
>
> During the interview, he was asked questions such as ‘Do you want to die of a heart attack?’. These questions were most likely designed to test his reactions and reliance under pressure. Andrej answered cheekily, “Of course not,” with the response being well received by those in the interview room. Subsequently, he met the CEO at a bar in Frankfurt. This second meeting was

> meant to test whether or not they were compatible on the basis of like-mindedness. The meeting was not about testing Andrej's skills and industry competencies.

In contrast to the open inquiries into status markers from the Anglophone narratives, the selective criteria in Andrej's case study was a friendship from student days and "personal appeal". In other words, it was, firstly, "the strength of weak ties" (Granovetter 1973), which made not only the information about the job opening available to him, but also allowed him to enter the field at a high position in the corporate hierarchy, despite lacking specific skills or work experience. Secondly, the focus of the interview was on testing his resolve in adversarial situations and his ability to improvise, and included an informal component, held in a bar. What Andrej describes as a test as to whether the individual would fit the culture, and whether he would be "like-minded"[21] with his employer, fits with what Hartmann (2000: 253) describes as a test for "the right bearing" in terms of personality, appearance, language, and style – or, in other words, class habitus.

9.1.3 The new meritocracy? Contemporary Hiring Practices

The stories of the older cohort, who started their careers in the 1980s, tell of classical forms of selection by class membership, both in Frankfurt and Sydney – albeit in different contexts and through slightly different means. The recruitment of investment bankers clearly followed a nationally specific logic of class. In contrast, the younger cohort in both cities by default had to undergo testing in assessment centres to gain employment.

Setting itself apart from the social homogeneity described by the older cohort, investment banks today are proud of the diverse backgrounds of their workforce. For instance, when Nicolas, an executive director of a major Australian investment bank, was asked to describe the recruitment process, he almost immediately steers the discussion towards the topic of diversity:

> Recruits come from all sorts of backgrounds; so we obviously do on-campus recruiting, we do referrals – we get referrals from people, we take people from industry, people are referred to us. I mean there's a whole variety of ways that we capture a very large talent pool. And then the way that we recruit as an organisation: we have a fairly rigid interview process – it's a reasonably

[21] In the German original, the respondent described it as "…ob man einander sympathisch ist", which does not have a direct translation into English.

> strong and comprehensive interview process. Right the way through from a HR process, and obviously through the business unit. And it's comprehensive in that there's typically lots of interviews and then at the end of that or toward the end of that process, we also put our people through a psychometric test – psychometric analysis, which is personality and I guess as well as EQ and IQ. And that test together with the interview together with the experience, I guess, is the totality that makes up the decision. But, yeah, we obviously have quite a diverse population – both gender diversity, racial diversity. Obviously geographically quite diverse and the population mix looks different all over the world.

Nicolas goes to great lengths to present his company's recruitment praxis as fair, rigid, and aimed towards diversity. In his tone he is almost defensive; his highlighting of the scientific background of the tests ("IQ and EQ") underscore the assumed 'objectivity' of the process.

The stated aim of this extensive process of testing is not only to get "the best and the brightest", but also to access diversity as a resource for "creativity" and "entrepreneurship". It also reflects the stance that the changing nature of investment banking through financial and technological innovation has made finance more technical and less political (MacKenzie 2006); or, in other words, that the socially exclusive days are in the past, and today's hiring practices are meritocratic and diverse.

To assure that recruitment achieves these aims, global investment banks typically follow a relatively standardised recruitment and selection process (illustrated in Figure 9-1). Such processes primarily target university graduates and are therefore timed in yearly cycles, coinciding with the university calendar. They are built around standardised tests, a series of interviews, and teamwork exercises – as well as work experience in the form of internships – in order to make candidate selection as objective as possible.

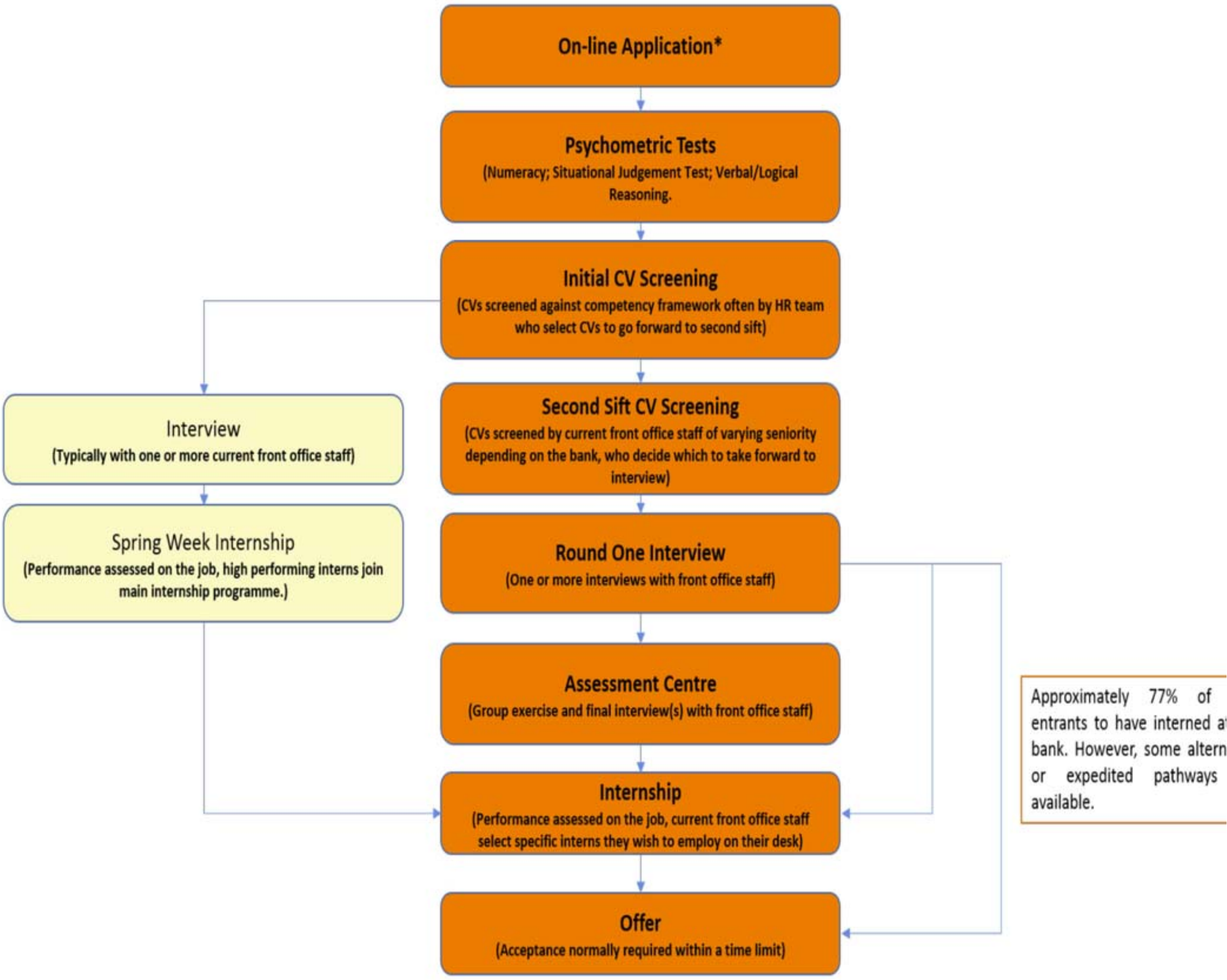

Figure 9-1: Graduate Entry Recruitment and Selection Process to Investment Banks (Ashley et al. 2016: 67)

Because of the complexity of such a process, banks often outsource parts of it to specialised recruitment agencies. Depending on the bank, the model process pictured above can vary in its specific sequence or form. Internships for instance are not always compulsory, especially when the applicant has previous work experience. In Germany for example, a bank apprenticeship offers work experience as part of the educational pathway into finance, dispensing with the need for expansive internship periods. However, research on the leading global investment banks operating in the UK suggests that 77% of all jobs are filled with candidates who previously worked as interns at the bank (Ashley et al. 2016: 67).

Even if an internship does not immediately lead to a job, with the right company they can nevertheless be an important stepping-stone in a career, as Ramin describes, for instance. He now works in a boutique Mergers and Acqisitions firm in Frankfurt, specialising in German small and medium enterprises.

> I went through the whole process right after graduating, at one of the bulge bracket banks. They ask you all sorts of ridiculous questions, to test you psychologically, and your out-of-the-box thinking, and then they let me intern for a few months with the analyst desk….I was there as one of four interns, and in the end, only one got the job….so you didn't really make friends there. It was all very competitive, already among the interns. But you made contacts. […] But I didn't get the job, and I mean, I'm almost glad I didn't, because it was so much pressure. Would have earned a lot more money though. But even today, when my boss makes a pitch and introduces the team, he always mentions this....in truth rather *insignificant* internship….he always inflates it, because it carries a lot of prestige, with the international name and all….

Although the firm Ramin works for is only active in the local German market, a marker of globality, such as his internship with a global investment bank, is still held in high regard. This demonstrates the symbolic value of globality even in market environments that are primarily local. It is not only Ramin who benefits personally from this symbolic value, but the firm as a whole that improves its image.

As it can be gathered from Nicolas's description of the recruitment praxis at his bank above, diversity fulfils a similar function. The diversity of the bank's employees showcases its role as a true global player, because a globally-active bank "obviously" has an ethnically diverse population of employees. However, what significance such diversity actually holds in the context of finance is a contentious issue in the literature. Caitlyn Zaloom (2006) for instance describes a test run in a small American trading firm, where applicants with particularly unusual social and educational backgrounds were deliberately hired. The explicit aim of this exercise was to benefit from their unusual perspective, which supposedly would allow them to discover profit opportunities usually missed by veteran traders. Diversity, in this perspective, is not seen as a value in itself, or as a signifier of equal opportunity, but rather as a means to overcome the "tunnel vision" inevitably developing through everyday routines. It is in other words only valuable because of its expected economic effects. Yet, the training given to all new employees undermined the hiring policy, reproducing the streamlined original work practice and eventually "erasing" the effects of the diverse cultural backgrounds of the employees.

This perspective of diminishing diversity through streamlined work practices is echoed in my interviews by Helmut, who was Executive Director in a big international bank in Frankfurt. While he specifies that ethnic and cultural diversity exist, he regards its effects as overstated.

> There are certain behaviours of some, I'd say, peoples or ethnicities, they just are like that, yes? So for example, Indians: those you have to manage on a very short leash….the Japanese are not allowed to decide anything; at the same time you have be sure not to let them feel that. […] In such a big corporation, however, these national differences are ground down, they become more uniform. That is like when you have a very rough piece of wood and just sand it down – in the end it has a very smooth surface. So, the Indian is less Indian, the German is less German, the Japanese is less Japanese […] The only ones who are a bit exceptional are the Americans, right? 'We are on a mission from God', so there's nothing being sanded down, they are just like: 'it's my way or the highway'. And that's quite an interesting effect, how everything gets sanded down. Also, there's only one language in the end and that's English; memos in English. When the Deutsche Bank writes, in Frankfurt, a memo, to someone in Frankfurt, they write that in English, not in German. And yes, in the end, that's a kind of cosmopolitanism.

On the one hand, Helmut's experience speaks of the production of a common culture among financial professionals, which becomes more and more conformist. He explicitly refers to the creation of a "cosmopolitan perspective"; however, this perspective is not built on an equal integration of, or equal participation in, different cultures. Rather, it is built on the erasure of national cultural specificities (making people *less* German, Japanese, etc.) via a daily working routine.

On the other hand, his story also tells of differing levels of "worthiness" among national cultures, as it is "the Americans" who do not have to adapt. A big part of their resilience is surely to be attributed to English being the language of business, even within the biggest German bank. However, Helmut also attributes this to a certain self-centredness and self-confidence ("It's my way or the highway") that an American background presents. Diversity thus appears to be understood primarily in terms of ascriptive ethnic categories, which are severed from actual cultural differences. Real cultural differences are mitigated by a culture of the market, which streamlines behaviour.

Diversity results from modern recruitment processes insofar as they are designed to widen the talent pool to recruit from. Although jobs in investment banking are popular because of the high salaries and the challenging work environment they provide, investment banks still consider themselves in a race for the best and the brightest. Part of the reason for this is the rapid change in work environments, which renders the exact skills required in the future somewhat unpredictable. In the twenty-to-thirty years that lie between the oldest and youngest cohort of the sample, the role of digital trading platforms, complex market instruments such as derivatives, and the coordination of information about global financial flows, has increased tremendously. This technologisation led, according to a common interpretation, to an increase in demand for technical and analytical skills *vis-a-vis* a decline in the requirement for social skills and cultural fit (e.g. Morrison and Wilhelm 2007, MacKenzie 2006). The standardised tests of assessment centres are seen as the appropriate tool to select applicants according to intellectual capacity, and thus adaptability to new technical requirements. But has this indeed made investment banking more meritocratic and open?

According to the account of Sebastian, a former managing director of a multinational investment firm in Australia, it has definitely increased the competition.

> […] Generally the way it is, is you um, you'll complete a, say, an MBA, or a Masters or a PhD. Um, there's no real basis, it would be good, could be in finance, it could it be in quant, it could be maths, could be, you know.... And, in Australia for example, there might be twenty, each bank might hire fifteen or twenty people in each year. The field from graduates is huge. There may be 4,000 applying for 200 jobs, in the top tier. So very intense. Um, there are tests, interviews, IQ tests so, you know, if you're lucky, you'll get a position […].

Sebastian points again to a finished degree as a main criterion to even be invited to assessment centres. While these degrees do not necessarily correspond to the activity in the future job ("there's no real basis"), they are nevertheless seen as the "normal" prerequisite to apply for a job in finance. This distinguishes the current hiring regime from the one of the older cohort, where it was possible to enter without a degree, and where academic qualifications were only required for senior management roles. As mentioned above, university degrees, especially to the level of a Masters or a PhD, are in themselves instances of social selection.

Joshua addresses the same point with a personal anecdote:

> I think in the investment context, in the advisory context you still typically have to be a lawyer, or, um, have a PhD or an MBA to do it now. Um, I actually worked with one gentleman who worked for [a big international investment bank] for quite a long number of years he had no qualifications. Don't you think that's amazing in corporate advisory with no qualification for, which is now the number one investment bank in Australia, I always

> thought that was amazing. I don't know whether his employer knew that he had no qualifications, because he was brought in from the outside, by another person who worked for him who did have a qualification, and they had worked previously in another job. And I always wondered whether [the bank] ever knew that this guy had no qualification. I didn't tell them…

A university degree apparently does not prove someone's capabilities in finance. Nevertheless, in light of the increasing percentage of the population gaining a degree, a university education becomes merely the first step towards consideration for a job in an investment bank. To determine the actual aptitude of an applicant, assessment centres contain knowledge-, intelligence-, and personality tests, often spread over multiple days. However, even after such a barrage of screenings, it still comes down to interviews. And there, different criteria come into play, as Sebastian explains:

> […] If you had a room of top MBA graduates, or PhD graduates, and you had to predict who would be successful as a banker, you would never get it right. I interviewed lots and lots of people for jobs. Lots. And, um, I asked myself fairly simple questions, you know, what sort of, how engaging their mind is, because I assume the qualifications are the same throughout….It's about how someone expresses themselves, how they project themselves, try to get a glimpse of their mind, I ask myself: could I sit with them at the same desk for the next five years. You know, would I have them to my house, you know, just how do I feel about that?

Sebastian freely admits that differences in testable skills are not what he uses when considering whether to hire someone or not. After an applicant has passed the standardised test phase, he assumes that the formal skills "are the same throughout". What it comes down to in the end is again self-presentation, poise, and the way candidates "project themselves". These aspects cannot be reduced to intellectual engagement, spoken language, or rhetorical style. They encompass a subliminal physical component, which Sebastian describes in terms of an all-round sensory impression:

> ….when you see a banker, what you want is someone who looks like a banker, smells like a banker, feels like a banker.

Here the actual criteria for what makes a successful applicant remain ephemeral. Despite Sebastian's effort to explain them, they are not made transparent for an outsider beyond the fact that what it takes to be hired as a banker is to 'appear to be one'. Such a selection is based on familiarity and similarity, as can be gathered from Sebastian's question regarding whether he would "have them over to [his] house".

These accounts of today's hiring practices strongly resemble the ones described by Andrej from Germany in the 1980s. In both accounts, the informality of the interview situation allows the forces of habitus to become the central selection criteria. The modern recruitment process therefore does not dispense with the factor of class; it rather supplements it with tests for aptitude.

In conclusion, although the hiring practices in the field surely have changed over time, the issue whether investment banks today are more socially "open" can be called into question. While the classical markers of class were the primary criteria in the older cohort, standardised tests today pre-select applicants according to measurable skills and desired scores in psychological tests. Nevertheless, an underlying class habitus still play plays a decisive role in the contemporary hiring practices.

What these new hiring practices also do in terms of career trajectories is to extend their reach beyond the organisation. Traditional career theory assumes that careers can be seen as a "tournament" for scarce hierarchical positions *within the organisation* (Baruch 2004: 60; 62f). Access to organisations was mainly determined by educational attainment, and personal links (Granovetter 1974, Streeck 2005: 256). Modern recruitment practices in investment banks bring this tournament forward, and establish a stage of competition under their control, prior to formal entry into the organisation. This formalises entry to the field on the one hand, and on the other widens the pool of possible applicants beyond those who already – through friends or family – have a connection to the firm. It also standardises the "entry exam". The establishment of the assessment stage thereby weakens the institutional coupling of the corporate world and the educational sector (in contrast, for instance, to the arrangement of apprenticeships in the German tradition). By staging the first round of the 'tournament' before field entry, the corporate sphere integrates the selection process previously allocated to the educational system. In other words, the authority over who may become a member of the field lies exclusively within the field itself. In the larger arrangement of functionally differentiated fields, the field of finance thereby gains autonomy from other social fields – most notably the educational field, and thereby, the state.

9.2 Education and Training

This process of autonomisation continues in terms of education. The wide variety of academic disciplines from which finance recruits (as stated by Sebastian above, and to a lesser degree visible in my sample), together with uncertainty about whether the future work environment will prove a hindrance for entry – as described above by Joshua and Andrej – highlights the point that training in investment banking occurs mainly on the job.

9.2.1 Certificates and Degrees

This is not to say that training and education in finance is not standardised. As stated by most of my interview participants, at an early point in the trajectory it is important to become certified through a professional standards association. The most prominent in investment banking is the Certified Financial Analyst (CFA), a certificate awarded through the CFA Institute, a globally operating private training and education firm. Such certificates also exist for other or more specialised areas such as international investment, risk management, accounting, or alternative investment (McKeen-Edwards and Porter 2013: 70f; 94ff).

These programs fulfil three important functions (McKeen-Edwards and Porter 2013: 94): firstly, through the development and teaching of "best practice" models, they shape work practices and skills and reinforce their harmonisation across national borders. These programs therefore set on a global scale the professional standards of the field. Secondly, through integrating modules on ethics and professional standards, they influence professional conduct and ethical norms. And thirdly, they discursively produce the notion that students and alumni of these programs form a global community. By forming this community, these programs not only accomplish recursively their own institutionalisation, they also become an important part in the professional socialisation process of financial actors.

The acceptance of these certificates further puts those who award them in a powerful position to influence and shape the field of global financial markets. The most noteworthy aspect about these certificates and designations is that they are awarded by privately run institutes based in the financial industry. The board members of the CFA for instance are recruited from big banks and various investment banking firms around the globe. As transnational financial associations (TFA) such organisations play an important part in the governance of the financial field; however as private entities their claims of legitimacy rest entirely on the acceptance of their authority by actors in the field (McKeen-Edwards and Porter

2013: 70f; 94ff). Unlike the MBA programs, which are run by the university sector and are therefore subject to the standards of national educational systems, these certifying institutions belong entirely to the field of finance. This further highlights the self-governing nature and autonomy of finance from other social fields.

However, degrees awarded by universities also play a role in the trajectories of investment bankers. The classical case is the MBA, preferably with an international component and from a prestigious business school. While applicants for jobs in investment banking usually have attained a university degree prior to their entry to the field, many complete an MBA as a more specialised degree at a later stage of their professional career. Undertaking such studies is often supported by the employer, either monetarily or through the allocation of study leave.

However, as Jan from Frankfurt for instance describes, the connection between the degree and the work environment is not always a direct one, as his stated motivation to undertake an international MBA demonstrates.

> […] On the one hand, I wanted to develop myself and put high demands on myself to become a super stock expert, in trading. And there, such a multifaceted study course like an MBA, which gives you business competences and inter-industry expertise and which teaches you future-oriented entrepreneurial thinking and doing, was good in getting out of my specialisation of trading stocks and to become a generalist and to be prepared for the future. I didn't want to stay only a stock trader but I wanted to take the next step in my career and whilst I was studying I did get staff management responsibilities awarded to me, and you can't say that this is just because of the MBA – there are always multiple aspects that play a role….in the end the MBA was one factor amongst many which was helpful in getting the promotion. […] And because it covers so many areas you get a completely different point of view, somehow this out-of-the-box thinking, against how blind you can become from your own everyday business.

For Jan, the primary reason to undertake his studies was to "broaden his horizon", to become more of a generalist, rather than focusing exclusively on his work as a trader. The program he undertook also included an international component in China. When asked about the professional relevance for him, he said:

> Yes that's quite difficult in this case because professionally I would have to use everything to do with stock trading and I didn't have that really in my

studies, and didn't really have any contacts there. Of course, in Shanghai we visited the stock exchange once but it isn't the case that I now use that for my professional praxis. But it did give me a lot personally, just a) seeing that once, and b) that whole exchange to get to know the world, so internationally, how the people think, so on a somewhat on a high meta level, that is what I got out of it.

I: So philosophically?

R: Yes, not just philosophically but also how the Chinese attitude is, their consumption behaviour, with which problems they are confronted, the thing with mortgages. This now has nothing to do with stock trading itself but indirectly, yes, because you then can assess that differently, how is the situation of the economy in China or in Australia, who interestingly, have a completely different retirement system and there ten percent of the income gets immediately put into an investment fund and so every month millions and billions get pumped into the capital market and from that I could profit indirectly but not directly if we talk about clients […] So, of course, I think it's always good to have that in your CV, that you've been active overseas, in finance that's important, there are so many international firms or banks who have their subsidiaries all over the world. Now for [our small German bank] it is of course a lot smaller, a lot more straightforward.

Despite having stated previously that undertaking an MBA is a career choice, and studying while working was taxing and demanded a sacrifice of his private life, the curriculum of the MBA is only indirectly applicable to his work practice. The relevance of the degree and the international exchange included in the curriculum lies rather in the experience of a foreign culture, and that he can demonstrate an international perspective in his CV. His MBA experience can therefore be characterised as an "academic" venture in the negative sense of the word: while being intellectually challenging and inspiring, it lacks direct applicability in the workplace. Despite gaining nothing from his academic endeavour that is directly measurable, the bank he works for supported his studies. As a result, he attributes his recent promotion into a management role partly to undertaking this degree.

This demonstrates that in contrast to the professional certificates, which are the basis of professional standards in finance and indeed provide the students with essential skills for their work practice, university degrees such as an MBA are seen as a form of cultural capital.

Through undertaking these studies, Jan demonstrated his capacity to learn, the will to broaden his horizon, and an interest in personal development. An MBA therefore is primarily a status marker – a way of exhibiting the will to improve oneself on a personal level. It has little to do with actual work skills.

In contrast to the recruitment phase, which builds upon nationally divergent markers of class, we find here an alignment between Frankfurt and Sydney. This stems firstly from the global standardisation of professional certificates such as the CFA, which are organised through financial institution themselves on a global level. Since their main purpose is international recognition of skills, they set the standards for professional practices and knowledge globally across national jurisdictions. Secondly, university degrees – which are attained in a national context outside of the field of finance – are in both cases primarily signals of status and commitment. An important contributor to the value of this cultural capital is international components, which indicate the students' interest in broadening their horizon, and their willingness to develop a global perspective.

9.2.2 Training "globality" on the Job: International Work Placements and Secondments

While Jan obtained his international experience in the course of his studies, many investment banks incorporate international exchanges into the first phase of their career model. Sebastian, who held an executive role in a big international investment bank, even calls it a "training program":

> […] Normally it's a two- or three-year training programme. You start as associate, and move to an analyst, for three years. You're sent to headquarters or somewhere overseas to complete your studies so it's like a post-MBA intensive.

The idea of the first three years on the job as "training" reinforces the point made in the previous section: that training prior to field entry serves as a demonstration of general capability and status, while learning on the job remains the central pathway of knowledge acquisition in finance.

The first and most important function of these international experiences is to foster an understanding how the market is organised in other locations around the globe. In the context of exchanges, a specialisation in a certain area of expertise is often built or deepened. Linus for instance specialised in real estate and moved from Frankfurt to Sydney. His stay ended up lasting three years. He describes the context of such a program as follows:

> So the standard in investment banking is: if you start here in Frankfurt because it's usually small offices here, you go offshore after two or three years. Usually to London – most people get sent there. Simply so your network gets wider, that you learn something, because here in Germany it's usually generalist teams. So you take care of every client, regardless [of] whether they're from the chemical industry or from real estate or whether it's another bank you're advising. And in London, in the bigger offices, they have sector teams. So there you focus for half a year or a year – depending on how long you stay – just on chemical industry, or just on the car industry, whatever. And then, when you return to Frankfurt, you're a specialist in that sector because you can help the German clients better with an investment in Europe or in the USA.

Through international placements, "deficiencies" between different financial centres are evened out, as the moves between them transfers knowledge from more developed or differently-specialised local markets to less developed ones. A look at the overview of the respondent's biographies shows that these exchanges usually happen between Frankfurt and Sydney on the one hand, and London or New York on the other, since they are higher ranked financial centres which integrate markets on a global level. However, some of my respondents have moved sideways into differently-specialised centres – two of them between Frankfurt and Sydney, one to Los Angeles, one to Tokyo, and one to Hong Kong.

International placements thereby build not only personal networks, but also constitute structural links between financial centres of different depths or specialisations. The career path in investment banking thereby becomes a central conduit for flows of knowledge and capital.

In this phase, the demand on the agents in the field is high: not only are they confronted with the challenge of making a living in a foreign country, but they also have to get to know their area of expertise intimately. In the words of Sebastian, the expectation is just short of attaining omniscience:

> So, for example, if you're given insurance companies, or banks, or mining companies, you have to know every possible deal, every combination deal, you have to know intimately their balance sheet, their cash flows, their, you know, the financials. You would read all of the analysts' report by every other

competing bank, on that, including your own, economists' and researchers' report. You would attend every annual meeting, every conference call. You would then have intense meetings as a group to develop how you can help that client or those clients. And your responsibility would be to know, before it happens, what those needs of that client are. You would have to know it intimately. You would have to know that [an Australian mining company] will need a billion dollars in two years' time to pay for this project. Or there's this small company in Spain that [it] makes a lot of sense to take over. So, you have to know the whole sector. So, you start in Australia then you move Asia then you move globally.

For Sebastian, the scope of operations and the demand of expertise in the given area of specialisation are self-evidently on a global scale; but in order to operate on this level, an analyst must work his or her way up from the local to the continental market. The analyst has to become so familiar with the sector in question that he or she is able to "foresee" the plans and inclinations of the client "before it happens", regardless whether it is about taking over another firm or finding the means to finance a project. At this point, the oft-mentioned "entrepreneurial spirit" becomes crucial, since investment bankers have to assume the perspective of the (prospective) customer to the extent that they can suggest paths of action to the client.

With international exchanges, a move across physical space also becomes a move upwards in the social space of the organisation. The necessity of moving abroad is firmly anchored in the career expectations of professionals new to the field, as William, a young analyst in Sydney explains.

> I think so. I think down the track it can be looked at quite favourably – people that have had experience offshore. So, in that respect I do think it's beneficial. It gives you another perspective as well. Australia is a really small market – in a global context. So, compared with the UK, the US, the European markets, Australia is quite small. So, you just get the idea of how big everything is on an increased scale and then interacting in those environments, I think is beneficial. […] And also it looks, it reflects positive[ly] on people that are able to show that they can move locations, adapt and handle change, and then use those experiences and get different perspectives and be able to translate that back to our, to situation [the market in Sydney].

Jens confirms this from his position at the other end of the career path. For Jens, who spent three and a half years of his career in Japan, this experience was not only personally very meaningful – by giving him the opportunity to broaden his horizon and to get to know another culture – it also signified an important step in his career, which he understands to be typical:

> […] it is really highly regarded here in Europe, I think also in the USA but mainly here in Europe, as a career step. I think, if I can put it like that, out of ten people who show that they have worked overseas on their CV, for seven it was a big advantage, maybe three would say well, "I got back and my old position wasn't there anymore and I had to look for something new and that didn't quite work out". But for seven out of ten, I would say it was rather positive.

While for many, according to Jens, the practice of secondments and international postings is a stepping stone in the course of their careers, it also creates the risk for the employee of getting out of touch with their parent company and its client base.

This latter point is emphasised in the findings in the literature on careers (e.g. Evans et al. 2002, Davione and Ravasi 2013, Hartmann 1996, 2002), where it is argued that even in a globalised economy, careers are made within the headquarters of a firm. By leaving for an international assignment, professionals would lose their local social capital and thereby their career prospects. For Hartmann (2002), international assignments are more likely to be a career stopper than a step up the organisational ladder. However, the respondents in this study mainly highlighted the positive aspects of working abroad. Linus explains why this might be different within the financial field:

> If you have a very international organisation, which is very global, where the headquarters aren't in Germany, but, for investment banking, for example, in London, or *really* international, where the management doesn't come from Germany, it definitely makes sense, because the closer you get to the top of the corporation, the closer you get to know people through some transactions or internally – seminars, initiatives, whatever - the higher the likelihood that when in a few years, a big meeting is on, where then twenty-five important bankers sit in a room together, and then your name gets called and the question is whether we promote this year or let him stay on his level, that *then* one of the important international people remembers you and says "yes, I remember him, I got to know him as a reliable type". And when then only

> your German boss says "yes, he is with us for seven years now here in Germany, I really support him," and the other twenty-four say "it's nice of you to say that, and we trust you a little, but we have here some people who all of us know and who we consider to be just as worthy of a promotion," then maybe that's it and you're out.

Linus describes career advancement as based on being known in more than one location, and that staying in one place for a long time actually might be detrimental for career prospects. He points to a central conundrum for the business model of big investment banks: on the one hand, investment banking (and within it especially the Mergers and Acquisitions sector Linus was working in) is indeed a business built on contacts and networks, and therefore reliant on the local knowledge of the banker. Physical presence at the place of business and keeping up with contacts is therefore a central requirement. On the other hand, the business model of investment banks involves connecting local clients to business opportunities on a global level, and *vice-versa*: to attract global players to local markets. This connection between the global and the local level cannot be sufficiently provided by a division of labour between bankers in different locations only; it has to be built on the banker's first-hand experience of other locations as well, since knowledge about, and the trust of, clients are not easily transferable. From an organisational point of view, the best candidates for advancement are therefore those who have proven able to immerse themselves in more than one location.

These work placements are not limited to changes to another branch within the same firm – as secondments they are also used to establish strong ties to customers (other investment firms or non-financial companies), as Joshua describes.

> We started doing this at [an Australian mining firm], seconding young, clever staff to go and work for one of the customers, or a potential customer. So that they could either share information, learn how they operated, and so that would start developing a relationship so there was, um....so within the colleagues, and quite often those people wouldn't come back to the investment bank. They would stay there. Um, and so that was now a new customer. And you would remain, you'd keep your relationship.

This practice binds customers and investment firms together – it gives the financial firm the inside view of the client, making intimate knowledge of the client available to the investment bank and thereby makes more opportunities visible. In turn, the client gets direct access to the investment bank – an opportunity which may result in keeping the exchanged employee on permanently. Thus, such arrangements can lead to strong ties between firms and investment banks with mutual benefits.

In conclusion, international assignments and secondments serve important functions for both the market – as a means to guarantee informational exchange and as an avenue for developing financial flows – and for the investment banks as organisations, for whom these practices are a means of discovering business opportunities and building and maintaining a global network of customers. From the interviews it becomes clear that in both cities, Frankfurt and Sydney, international work experience is a normative expectation for career advancement; however it may be associated with the risk of losing the "home base". The destinations of such international movements also follow a geographical hierarchy and a regional orientation. For respondents from Frankfurt, the primary destinations are London and New York, since these are financial centres "one step up" from the Frankfurt market. While the same holds true for the Sydney respondents, there is an added orientation towards Asian centres such as Hong Kong, which are competing with Sydney for rank in terms of the Asian region.

9.3 Follow the Money – Changing Jobs

So far, these career trajectories have been situated within single firms. However, as indicated in the biographies of this study's respondents, job changes are an essential feature of a career in finance.

As mentioned above, international work placements and secondments are one factor playing a significant role in the dynamic creating such trajectories. These arrangements serve the career development of employees by training them to operate in more developed markets, creating a transfer of knowledge and experience between differently-specialised financial centres. However, this can become problematic for the employees, as their careers become tied to the situations in different market locations.

A consummate example is Linus's story, who was sent from Frankfurt to Sydney, in order to experience the higher-developed real estate market in Australia.

> From 2004-2005 onward they talked about changing the law here [in Germany], and this is why it made sense to say, okay, go to a more developed country. Then you can return in 2008; then the real estate stocks will really take off here at the exchange. Then you can tell all the German clients: this is how it's done in Australia. And, this is what I did for a year – "We have all

> this expertise, give us a call". It was a good plan, except that then in 2008 the market crashed, and in Germany nothing much happened anymore. While in Australia it still was running smoothly and so I stayed there.

Both his and his employer's expectation was that he would build some expertise overseas, which would become valuable once Germany deregulated its real estate sector. However, the plan failed when the Global Financial Crisis hit Germany, and the expected demand for his acquired skills could not be realised. Instead, he decided to stay longer in Sydney, until the circumstances of his work made him quit.

> I moved to a client who I had advised previously, and why? Because in 2012 I got fired from the [Swiss bank in Sydney], I just got fired, we had gotten a new boss one and a half years previously after half the team moved to [a big American bank], I was, so to speak, the most senior of those who were still left over. That was quite cool, taking on some responsibility for those four weeks when we were alone, but then a new team came in that we hired from [the same big American bank]. The team already had its structures, there was a clear boss and I wasn't always on the same wavelength as him. And then there were a few differences and in the end I didn't want to work for him anymore, but at the same time that's just how it is in banking.

In such a highly specialised work environment, Linus fell victim to the practice of hiring entire, already established teams, often from a direct competitor. This practice is colloquially known as "poaching" and is frequently engaged in by bulge-bracket banks upon market entry, or in situations where specific skills are suddenly required. Since he was not part of the hired team, Linus was let go, in spite of his five years as the most senior employee at his firm in his given sector.

Such a story, which is in fact told in one form or another by every one of the respondents, speaks of the "hire-and-fire" culture in investment banking. Once a market "dries up" or gets hit by an unexpected crisis, or if for another reason certain performance criteria cannot be met, investment banks are ready to restructure their operations quickly, as Linus explains with respect to the strategy of a big American investment bank in Germany.

> […] But then, of course, there's somehow a crisis again, or the German office didn't deliver enough revenue or whatever, and then you have to cut costs, yes? And to cut costs this year, well, let's just close the German office down

> – those ten people who want to can come to London and the other ten we fire. And, yes, Germany is an important market, but we can cover that from London – that isn't a problem. And two years later, they realise, "Oh: no crisis anymore – good time, new customers, we have to be close to that, let's open a German office." So, if I'm not mistaken [a big American bank] did that once or twice in the last ten years. These are just short-term decisions and sometimes they backfire: "bad luck".

Linus admits that such a way of conducting business runs contrary to the emphasis usually placed on long-term, trusting relationships with clients, for which physical proximity is a requirement. However, he accepts it as a matter of fact, as mere "bad luck" – that short term profits and cutting costs whenever needed take precedent over long-term continuity.

Such short-term planning on the part of the organisation can be understood as a result of the "shareholder-value" orientation of investment banks. Karen Ho (2009) argues that, since investment banks are themselves the main propagators of shareholder value as an ideological cornerstone of the global economy, they have internalised the pressure from shareholders themselves, and built their organisational culture around it.[22] This has the consequence that employment loyalty is minimal at best. From the perspective of management, Sebastian generalises this point.

> […] In banking, relationships are temporary, bigger turnover, churn. Very few people last many years in banking, a handful. […] In banking, very few people last ten years. Very few. It's just draining, it's too much. Some will last fifteen, some last for three, some last one. <laughs> So, you tend to not develop strong bonds with people in investment banking.

Such insecurity, and the possibility of rapid change, was described as stressful and taxing across all interviews. However, it also accepted as part of the career trajectory. It has the consequence that investment bankers at all stages of their career try to make themselves visible to potential employers outside of their current firm. For instance, Linus, after having been fired from his job at a big international investment bank, found a job with a former client in Germany, whom he had previously advised. The "exposure" to customers, which he had gained as an

[22] The shareholder-value orientation applies to investment banks in general, even though some have their roots in more stakeholder-oriented economies such as Germany or Switzerland (Hörter 2000). In Germany, for instance, the increasing adoption of an investment banking business model by the big banks has been crucial in breaking up many of the structural arrangements of its coordinated market economy (Streeck and Höpner 2003: 30, Beyer 2002).

associate analyst with an investment bank, thus offered him a "way out" to a less stressful job, where his skills were still in demand.

A common topic running through most interviews in the sample is the close connection of contractions and expansions in the financial markets with job changes, international assignments, and job losses. For instance, most of the respondents in my sample who were not already in an executive function lost or changed their job during the Global Financial Crisis. Financial professionals therefore consciously employ strategies to "hedge" against such adversarial circumstances.

One important strategy is to develop qualifications and skills. As described in the previous section, the biggest part of such trainings occurs "on the job", whereas formal qualifications play a comparably minor role. Therefore, many in my sample take job changes as opportunities to move to a different area of the business. This aligns with the "desire to learn new things", often quoted in the interviews, as a main motivation to work in investment banking in the first place. By diversifying their experience, financial professionals aim to increase their market value, thus securing employment. However, proactive attempts to achieve this are not always well received by the employer, as Jens tells about his job change.

> […] And then in '99 I saw myself forced to move on, because all my customers told me "because the Euro was introduced, I don't look at purely German stocks anymore", because at this time, at [a big German bank] I was selling German stocks to Switzerland and to Austria. […] My customer told me, "Jens, I don't simply compare Daimler with VW, but rather I compare VW with Renault, with Peugeot, and with Fiat. That means you have to look to get out of your small German niche, you have to – just like we do – manage your funds on the European level"….I couldn't do that at [the big German bank], because in Germany we had that label, as a German, at [the big German bank] you do Germany, and that became more and more a niche market. So I told my boss that I would like to do European stocks. [He said] "Yes but that's complicated because we do that out of London and in London we just hired people who came from international firms." That meant I didn't see any possibility of getting a European portfolio within [the big German bank]. So, in the end, I either had to waste away in the German niche, which would lose more and more importance, or take the bull by the horns and change employer.

Jens was not confronted with a market crisis at this point, but rather with an expansion, triggered by the currency reform of the European Union. However, this expansion threatened to diminish his position, since his core skills became too narrowly focused within the expanding market, confining him to a small niche. In response, he chose the strategy of trying to expand his reference portfolio, which was at odds with the organisational arrangements at his employer.

This experience explains why, in relation to skill development, even more emphasis is put on networking as a career strategy. Another example is Dimitris, who works in product development and describes himself as "not a people person", and received the following advice on improving his career:

> To be a successful banker you have to manage that network in the community quite passionately – you really have to have a preference for that, for meeting a lot with other bankers or finance people. Just the other day, I talked with my boss about career development and he said, in all seriousness, that I don't need any more qualifications – the important thing is the network. So you go to lunch with some people and *that* gets you further in life, not your expertise.

Networking is not only employed as a defensive strategy, it is also an active part of the activities that help to further one's career and make oneself visible. Since the flipside to the culture of "rapid fire" in times of contraction is one of "rapid hire" in times of market expansion, advancements in the hierarchy of banks are often achieved by changing employer.

The efforts of employees to become visible outside their organisation are met by scouting endeavours by banks via the work of headhunting agencies. These agencies "keep tabs" on bankers at various stages of their respective careers in order to facilitate a labour market for established professionals. The incentive for a change under such circumstances is usually hierarchical advancement, or better remuneration, as Helmut explains.

> These job changes, they happen upwards, right? Except when you're past your prime, then it often goes downwards but then at least you'll get more money down there <laughs>. There's this logic behind these things. It means, generally, you try to improve your position. That is, to stick with football, as if you would change from Paderborn to Munich, yeah? If you get drafted from a German regional bank to Deutsche Bank then it is like that and that has to do with status and it isn't the case that the job is necessarily better. But as a rule, there's more money. Just like a football player, you increase your market value. The thing is, you are under observation, right? Mainly by your

> customers and head-hunters. Today, nobody calls me anymore but at my prime, in the mid '90s, I got three calls a day.

The importance of networking for career advancement is stressed by a head-hunter, who specialises in the investment sector in Frankfurt. In her view, networking capabilities are what set bankers really apart, since quality of work, skills, and education hardly seem to differ.

> They're all very good. They all have great qualifications. They are like clones. In the end, the ones who are the better networkers go further and that is, I think, a rule for careers, which has become more and more important. […] If someone's good at networking he makes a great career, if not then he stagnates. And there's nothing worse than to stagnate in such a competitive business.

In all of my interviews, the strategic value of networking was readily acknowledged. While most of the interviewees actively manage their contacts, a minority, especially Ramin, Dimitris, and Linus from Frankfurt, and Dave from Sydney, describe themselves as having poor networking skills. They see this as a personal fault. The problem with networking as an essential career skill stems from its place in rather informal settings and in "in-between spaces", such as lunchbreaks, after-work drinks, or at functions of important customers. Accordingly, these occasions often become subject to strict planning, as Carolin, a former account manager, explains.

> For lunch you meet more or less always with a colleague, you work your schedule and you make the best use of your time. There are people who have arranged lunch dates one and a half years in advance

A consequence of this imperative to engage in networking activities is that it creates a form of community beyond the borders of firms. Regular exchange with co-workers as well as competitors is a necessity for career advancement; therefore, such contacts are actively pursued. What emerges is a dense and informal network of information, which is also vital for the business interests of the firms. This community is relatively stable, as Jan explains.

> That is, so to speak, an indirect network, where you get to know more than if you just read the paper or just write an email […] you get an idea about what's going on at other banks even internally and you get a good feeling for the business here in Frankfurt. And that goes on regularly.

Dave tells a similar story in Sydney, where a culture of after-work drinks in the bars around the CBD sustains a network of social exchange.

> In this business, you have to know what's going on. In the end, it's about information. So people talk to each other, all the time. If you wanted to know what was going on with a certain deal, or who did what, you'd head down to [a bar in Sydney], and you would hear most of what you'd need to know.…the thing is, it becomes very boring very soon, everybody talking about work all the time…

What Dave and Jan describe can be understood via the concept of communities of "local buzz". In the literature, this frequent and informal exchange of information has been identified as an important factor in processes of innovation, learning and knowledge dissemination (Barthelt et al. 2004: 36ff). The strategic approach to this kind of communication shows that the participation in these communities is an important tool with regard to career strategies.

The picture emerging about the structure of careers in finance is that the classic career pattern of promotions within the same firm over a lifetime (Schein 1971), which in the literature on careers is described as very persistent in most countries (Hartmann 2002), is practically non-existent in investment banking. Job changes are not only inevitable in times of crisis; they are also a major strategy in the progression up the corporate hierarchy. This tendency seems to accelerate, as a Frankfurt-based head hunter remarks with slight hyperbole:

> […] Way back when, they maybe stayed for seven or eight years at the bank, today they move almost in a two-year rhythm.

Such frequent changes of workplace speak of the exhausting and stressful nature of the business, and render careers in investment banking precarious undertakings. As investment banks "churn" through their employees, there is little opportunity to develop stability, lasting social bonds, and loyalty within a firm. However, the normality of frequent job changes also works the other way around, providing room for ambitious professionals to bypass entrenched corporate hierarchies. In turn, the need for networking creates a business community which acts as a conduit for information and produces social ties.

When comparing Frankfurt and Sydney it becomes clear that this culture of networking is an integral part of both financial centres, representing an important strategy for career advancement. The financial communities create a tacit transfer of information, which requires the physical proximity of actors, and specific places to 'unintentionally meet'. In other words, these communities are a primary local, and localised, phenomenon. This local character is however complemented by the international structures of careers, which are intended to transfer knowledge and skills between different financial centres.

9.4 Exit Options – The End-Stages of Careers in Investment Banking

Traditionally, careers have been understood as advancement through organisational structures. The endpoint of a career was either determined by reaching the top of the organisational ladder, from where no more advancement was possible, or by moving to retirement at the end of one's working life.

A glance at the careers of the respondents to this study shows that in finance such a model is hardly applicable. In the present sample of respondents, Dave, Joshua, and Sebastian from Sydney, as well as Helmut and Andrej from Frankfurt, have reached the legal retirement age. Among the younger cohorts, Kim and Thomas from Sydney, and Linus, Carolin, and Jens from Frankfurt, have left the investment banking industry.

Careers in investment banking are by all accounts relatively short, as mentioned previously by Sebastian: "very few last ten years". The stress of working long hours, the frequent changes in workplace, and the moves to other countries take their toll. Such a pattern provokes the question of what the vanishing points of such careers are.

As discussed in the previous section, for most professionals in finance, careers are not made within a single organisation. If at all, such career paths are limited to back-office roles, with limited exposure to clients, and where the possibility of progression ends at senior management, below executive level. In order to reach an executive position, front-office roles are generally seen as a precondition, since "merit" is measured in the volume of deals one achieves.

The high frequency of job changes induces a high degree of uncertainty in career paths. The normality of job losses also makes it hard to clearly attribute the end of a career to specific factors. However, the interviews with those respondents who left investment banking allow one to illustrate the dynamics leading to a decision to leave the industry.

An interesting facet of this dynamic stems from the high remuneration paid in investment banking. In the competition for "the best and the brightest", high salaries work as a central incentive to start a career in finance, and later to attract high performing professionals from competitors, or retain staff members. However, towards the end of a career, this motivational function is exhausted, and the accumulated lifetime income can ease the move towards leaving the job – as, for example, in the case of Jens. At the time of the interview, he had left work for a year in order to spend time with his family, and to reorient himself.

> I have worked now for twenty years in the institutional portfolio in investment banking and we talked about remunerations before […] that gives me the opportunity now, at my rather advanced age, to take a different path, since I'm not dependent on regular income anymore.

Without the need for a regular income, Jens was considering re-enrolling in university for a degree in Asian Studies. His decision to quit was prompted by the fast pace of careers in finance, which places value on performance rather than experience.

> All of a sudden, you've got a boss in London, who's thirty-one, thirty-two [years old] and you have to report to *them* weekly and he keeps telling you all the time how the business should be run. And then you say to yourself, "well, at fifty, I don't have to deal with that anymore".

While it was the devaluation of seniority which prompted Jens to leave, Kim and Thomas from Sydney quit at an even younger age. In both cases, the reasons for leaving investment banking were a mixture of personal circumstances and a personal failure to meet implicit or explicit requirements. For Kim, the primary reason was her perception of being limited in possibilities for advancement because of her lack of networking. These she attributes in turn to the structure of the field:

> I didn't want to build the networks. And when I say networks I'm talking about – well if you think about it, all the corporations are owned by white men. <laughs>You see, I don't have that network. I'm a very good worker, but a good worker will only get you to senior management level. The good worker will not get you to partnership – it will not get you to CEO.

Realising that her possibilities for career advancement were limited, she decided to pursue an academic career. Like Jens, she stated that it was the previously-earned money that allowed her the freedom to pursue different activities, better matched to her personal interests. At the time of the interview she was finishing a PhD in social science, and had moved on to work as a consultant for a development NGO.

Thomas's story is similar insofar as that he decided to quit his job out of frustration with the management style of the foreign exchange trading firm he was working for. When his company was bought by a big American investment bank, voluntary redundancy packages were offered, which he decided to take. Initially, he did not want to leave the finance sector, as he desired to move to the USA to work, which had been an old dream of his.

> I resigned, went over to the States, looking for work, got offered a job with an amazing Swiss hedge fund over there. I came back to Australia, applied for my visa and got denied for a visa because I never went to university so I didn't have the requirements to get an E3 visa which is what you need. That really bummed me out, but I was fed up with finance anyway….

Thomas's case is a rare one, given that he had built his career on practical experience without a university education. As the absence of a degree prevented him from working overseas, he did not return to the financial sector, despite being offered a job. Instead, he decided to study Business in Sydney. During his time at university he met a fellow student, with whom he since has founded a start-up company developing marketing applications for smartphones.

A theme running through the interviews of those who left investment banking is a certain disenchantment with their work. This relates to facets of the job which were initially perceived as exciting, such as the permanently shifting market situations and the resulting psychological state of alertness, or the necessity to adapt quickly to changing work environments, and having to learn new things. The demand these aspects place on private lives in terms of long working hours and frequent relocations, and the physical and psychological exhaustion these entail, are increasingly seen as "not worth the money". A closely connected factor in this respect is the culture of the workplace, which is often perceived as stressful, straining, hierarchical and rough.

These experiences are not limited to those who left investment banking for a different field. Some have found niches, which better suit their needs in the later phases of their career. Christopher for instance transferred from a London-based derivatives trading firm to the investment banking department of a comparatively small German savings bank, because he preferred the work culture.

> I'm fifty-one [years old] now and I don't need it [to be] that exciting anymore. This pressure that I had at [a London trading firm], everyday – that was crazy. That was very unpleasant […] sometimes with very unpleasant superiors who only managed through the whip, through fear and pressure. Social pleasantness was absent – I missed that very much....that was really the lion's den in London.

While Christopher's transfer in fact came with a rise to executive level, it simultaneously entailed a de facto pay cut, as his new firm is much smaller than the previous one. Despite the nominally higher rank, he says that he now holds less responsibility in terms of managed volume (hence the lower salary), which allows him to spend more time with his family.

Others, however, won't let go so easily. Among the retirees in the sample, Helmut from Frankfurt and Joshua from Sydney founded their own one-person companies upon retiring, and still work as advisors for select deals. Joshua runs his firm from home, and says he "basically only works a few hours a week, mostly for friends who need a favour".

Sebastian expresses this by means of his relationship with his wife who, after a career of extensive work, was hoping for more family time with him. Instead, despite suffering a heart attack a few years prior, Sebastian took up a position as senior advisor for a private equity firm in Sydney, where he works at least three days a week. But:

> My wife, she understands why I need to do what I need to do. And what makes me happy. Like she…she doesn't think I should be doing this. But she understands I will not be happy unless I'm doing something, you know….

As with the other cases presented here, these men both claim that money is not an issue – as "self-identified workaholics" (a phrase used by both of them independently) it is rather the excitement and satisfaction they derive from their work that drives them to stay active in the field, despite having officially retired.

10 Structural Tensions in the Field of Global Finance

In the previous chapter I presented the data according to the structure of careers in investment banking in Frankfurt and Sydney. The presentation followed a biographical narrative beginning with respondent's entry into the field, followed by an early stage of further education and training, a middle stage characterised by frequent job changes, often involving international relocation and, the final stage of exit from the industry.

In this chapter I continue the presentation of my findings along four topical areas: Cultural change and technical knowledge, the relationship between agents, markets and organizations, as well as the topics of gender and ethnicity. In line with the principles of my grounded-theory oriented research design (see Chapter 6.3, pp.80-82) I chose to present the discussions with the participants in this study along these topics, because they emerged from the interviews in the form of recurring statements about issues and features of work in the financial sector. As such, they represent structural features of the field of finance from the perspective of the respondents. These aspects of the field describe features of the process of socialisation into the field pertinent to the underlying issue of class formation, as they are experienced by financial professionals throughout their career, shaping their career strategies and general perspective on the business.

10.1 Cultural Change and Technical Knowledge

One prevalent area of contention already mentioned is the cultural change of the recent years. This change has been described by the older cohort, who experienced the business before the wave of globalisation in the nineteen-eighties. One instance I already reported, when Jens told of his early days in the business, where exuberant salaries were not yet a motivation for work.

This criticism is for instance also voiced by Joshua, who explicitly refers to a "current climate of greed". He describes this the following way:

> A cultural change has been one of the reasons I really wanted to get out of the market. It was, became... In the old days it was all about the customer. And it was all about what could you do for the customer and what clever products could you manufacture for them in order to resolve their issues. Now, there's been no product development in Australia for the last 15 years?

> And it's all now about how much money *I* can make. And it's being driven by the banks themselves. Because they can make more money, actually participating or competing against their customers, than they came in providing pure advice. And that was what's driven that cultural change.

Underlying his opinion is a sentiment of being an "honourable banker", which he sees threatened by current business practices, where banks use the information they have about their customers for their own advantage, against their customer's interest.

However, there is also second perspective on this cultural change: Not everyone longs for the good old days, as Michael, the CEO for a big Australian-American investment bank explains:

> …the culture um that I was entered into was more of long lunches and all that sort of stuff, but I didn't participate in that because I was so focused on trading and my company…the stockbroking community at that time, they would have long lunches they would go to lunch and drink and you know, instead of being for an hour and a half or two hours, they would go out for lunch for three hours, maybe four. Um, and sometimes they'd come back to the office, sometimes they wouldn't, so it was quite a different era of culture. Um, but that's obviously changed pretty, you know, I sort of got the end of that culture, So anyway, mine was more of a mathematical culture because I am an economist, and I didn't like that at all.

Michael criticises the old culture for being lenient and lazy. He adds context to the change of culture by qualifying the increasingly mathematical nature of work in the financial sector. In his view, banking has moved from being a "peoples' business" to being a "numbers game", as superior mathematical models yield higher returns than human portfolio managers. His account however also shows, how practices of socializing at the workplace over lunch and actual work practices are intertwined, a point also made by Jens from Frankfurt.

As mentioned previously, Jens and others from Frankfurt share Joshua's perspective that the business has moved away from doing what lies in the customer's interest, and has become too focused on short-term profits. The story from Frankfurt, which already was partly discussed in the section on income and motivation, matches the accounts from Sydney insofar, as the older respondents describe it as a shift in values, from customer orientation to "greed". In a similar way to Michael, Jens links the "mathematisation" of the business with this cultural change:

> Business overall has become much more based on mathematics. Previously, in trading for instance, you had to have more of a "gut feeling" about where the market was heading. Therefore, there was much more exchange about rumours among the traders, and also the salespeople, also because we didn't have these informational systems. In my time, in the past the stock exchange was open for three hours, in the morning you'd read the newspapers, and then you could pass on news from the papers to your customers. But today, with Bloomberg, with Reuters [the two biggest providers of financial information systems], or even with CNN, you know immediately if anything happens around the world. Within two minutes, everybody knows. That means, you don't have any informational advantage. And this is why today, mathematical models are much more important for the business.

What Jens describes is a fundamental shift in the nature of the work practices, which underlies the change in business values: Instead of generating profits through informational advantage, it is now the technical knowledge about interpreting this information, made explicit in the form of mathematical formulas, which lies at the heart of the business.

This in turn establishes the ground for a different manner of social engagement: While the old business model was based on generating informational exchange and interpreting this information in a very vague way (via "gut feeling"), the relative weight now has shifted. Since information is more freely available, the more relevant part of the business lies in the interpretation and analysis of this information, via mathematical tools. This knowledge has to be guarded closely, as it represents the core competitive advantage of a firm.

This shift needs to be contextualized with the culture of networking described in the previous chapter. As it has become clear from the interview passages I discussed, networking serves primarily the goal of furthering one's own career. The object of this practice of networking therefore is not so much the exchange about customers and their market situations, but rather more about the situation of other financial firms. It engages in other words with information about agents in the field; the information flow is internal to the market. Financial professionals engage in this communicative practice therefore not only as conduits transmitting information, which according to Jens was the primary function of such practices in "the old days". Rather the more important aspect seems to be checking the value of one's own knowledge of how to process the available information. The causal link both Jens and Michael draw between the mathematization of the business and the change of workplace culture thereby serves in their perspective to explain the instrumental stance towards customers and co-workers, as well as the exclusive focus on short-term profit financial actors take in the contemporary state of the financial field.

This change has often been criticized for its wider societal consequences. With the mathematization of finance comes an instrumental orientation of business towards specific indicators of profit, while simultaneously de-valuing other forms of worth, such as the professional ethos of the "honourable" or "smart" banker, as decried by Joshua in the quote at the beginning of this section. The spheres of social worth, of honour and ethos are superseded by the power of naked numbers. As for instance Sighard Neckel (2010: 76f) has argued, this orientation towards profit and profit alone extends beyond the field of finance, and undermines even legitimations of capitalist economic society, such as meritocracy, justice, and rationality.

With regard to the question of this thesis, whether there is a class of financial professionals forming on the global financial markets, it is important to stress that the narratives of Michael and Jens are remarkably similar, despite the different moral stance both take towards the cultural change of the past twenty to thirty years. This goes to show not just the global nature of this culture, but also how out of a certain set of practices (the mathematical formalisation of finance) a common world-view emerges. This hints, together with the factors I have described in the previous chapters, such as the homogenisation of professional education and the social exchange between financial centres, at the formation of what Bourdieu calls the "doxa" of a financial class.

10.2 The Relationship between Agents, Markets and Organizations.

What also becomes apparent through the career pattern of many job changes is the very specific nature of the firm: They function less as a hierarchical structure of command and control, as traditional organizational theories would have it, but rather take on the form of a network: secondments, be it to sub-branches or to customers, blur the boundaries of the organization, and give it a rather fluid appearance. While financial professionals still are pro-forma employees, their income relies largely on bonuses and fees generated through making deals.

This leads in turn to a specific stance of the employees towards their organization. In terms of placing their international exchanges over their career, they can use the option to go abroad to maintain their position in the field, as Linus explains:

> Usually you do that after three years and sometimes later. That always depends on the demand and the situation… sometimes there's a position available because someone went to Hong Kong or left the firm. Then they need someone quickly and maybe can't find anybody, while you are sitting in a slow market, maybe in Germany, when your boss says, 'yeah I've got three people here at the moment but really I only need two, go somewhere else and make some luck, you can return when the market here turns.' That's OK, it's better than being fired

This quote shows how the personal career of financial professionals relies not so much on their intra-organizational performance, but on the state of the market. If a local market is "slow", i.e. there is not much money to be made, a move to another country might not just benefit the organization but secure the position of the individual. In other words, the fate of financial professionals is increasingly tied to the state of the market, and only to a lesser degree to the firm.

Nicolas reiterates this point from the perspective of a CEO:

> So, we try, I mean, in our case, what we try and do is articulate a story for the people that come on board; basically says something like- yeah, it is a little bit more subtle than this, but is the message: "You are a smart person. You have got some great skills. You have gone through a long process to get on board. We are an organisation that is set up to prosecute and to take advantage of opportunities, to take advantage of change. You guys on the ground, wherever you are: in New York, or in the US or in Asia, in Europe- wherever you happen to be; you guys on the ground are close to the opportunities.

While Nicolas is obviously giving the interviewer a boiler-plate speech about working at his firm, it speaks clearly of an conception of very self-sufficient employees who are expected to show initiative and diligence. He continues:

> Okay. So, and we as an organisation have an umbrella, if you like, of capabilities. Those capabilities could be people, they could be history and experience of doing particular things, they could be particular products that

> are useful, they could be money, obviously- financing, they could be access to other things around the world, they could be a whole bunch of things. We have these capabilities. You on the ground need to- What we watch you try and do is take advantage of all those opportunities, understand what our firm looks like, be close to your clients on the ground, identify the opportunities what we have can make a difference to the client, draw then what you need out of the organisation and then turn those dreams into a reality.

Nicolas highlights the entrepreneurial aspects of being employed in an investment bank. The role of the firm is basically relegated to a pool of resources ("umbrella") for the individual to use in order to create and exploit "opportunities" on the market – on his or her own accord and responsibility.

Financial professionals are, in other words, employees on paper, but the practice of their work are actually more akin to the ones of an independent entrepreneur. This relegates the role of the firm to three main functions: Firstly, they act as gatekeepers to financial markets, because the access of an individual to the market is bound to certain licences which are only accessible through a firm (the professional designations mentioned in the previous section being one of them, but also trading licences on stock exchanges), secondly, they act as facilitators for individual market success by providing resources, most notably contacts and capital, and thirdly, they act as regulators in terms of ethical behaviour. Classical functions of the firm, such as "command and control" of their employees are not on the forefront of their agenda.

Financial professionals, on the other hand, have to make use of the resources a firm provides. Joshua, who moved from an investment bank to a big Australian retail bank which had integrated investment functions into its wholesale department, describes this as follows:

> So you kept everything to yourself, you worked with yourself and your staff that worked for you. That was it. It was all kept very tight. Whether you had developed, I had developed certain things I would not tell anyone how it was done. If you want, hire me. That's what I used to say, hire me. Um I'll come and part work for you as part of your team, but I want a share of the (1) share of the pie at the end of the year. Um, so it was all about keeping the intelligence and the information to yourself. Um (1) when (1) when worked for the (1) retail bank it was delegating, I never used to delegate. I was terribly bad at delegation, I just // when you keep informa- you just don't delegate,

> right, so I started to delegate, and I started to share information and I'd keep their boss at the top informed. He used to look like a star 'cause he'd go to the executive meetings and tell everybody what we're doing and they've just done this and they're, you know, he always looked good in front of his peers, um I would be then (1) I would get, share and I used to involve other departments, get their thoughts, ideas 'cause there was quite often l-. Big retail banks had more knowledge than any investment bank could ever hope to. It is just because they've been doing it for so long and they just know so much about customers. Their knowledge is incredibly powerful, so I started using the different parts of the bank. So I'd get very big ticks about sharing that around and getting other people involved so that's what I did. I reversed exactly what I used to do, it was very controlled, involving other people and sharing information.

Joshua describes two possible courses of action: The first is to work for oneself in a competitive environment, and profit from one's work by trying to get hired upwards. The second mode is to cooperatively change the environment of the firm one is working for in order to make it function for one's own advantage. This is what Godechot (2008) calls "internal entrepreneurs": Instead of being directed by the firm, financial professionals actively change the work practices in order to gain an advantage on the market.

In conclusion, the relationship between the financial professional and their firms is one of mutual dependency: The firm enables market access through employment and profits from the market activity of its employees, financial professionals on the other hand act after a training phase mainly on their own accord, and utilize the resources provided by the firm for personal gain. This relationship is more or less openly acknowledged.

The mutual dependency of firm and employee and the self-directedness of financial professionals lead to an instrumental relationship between those two. Together with the effect of firms (and their employees) becoming themselves subjected to the pressures of financial markets they create in the first place, layoffs and mergers are a constant feature of financial careers, as can be seen from the frequent job changes of most of our interviewees.

This instrumental relationship, plus the pressure to find and "exploit" opportunities create an instrumental relationship to the world, producing a economistic doxa, not true cosmopolitanism. The respondents are trained to spot market opportunities, but this also undermines the relationship with their organizations. This also produces certain patterns of engagement among the agents in the field and forms a specific habitus.

10.3 Gender

When examining the recruitment practices in finance (Chapter 9.1.3, pp. 143-150), the stance of my respondents from the executive level was quite clear: Investment banking is an industry where diversity matters, and their firms pursue active strategies to hire women and applicants from multiple socio-economic backgrounds. As already mentioned, in terms of socio-economic background, these strategies are not necessarily successful, a finding corroborated by other research (e.g. Ashley et al. 2016, McDowell 1997).

Similarly, when researching gender relations in the field, the sentence “Finance is a men’s world” can be found in most publications dealing with the topic. Statistics on the matter for the gender relations in investment banking are scarce. An approximation however can be gleamed from data for the bulge-bracket investment banks in the United States (Crowe and Kiersz 2015). The picture emerging is one anecdotally confirmed through most of the literature, and seen as representative for the industry globally (Honegger 2010):

Over all categories of employees, investment banking achieves roughly gender parity, at four of the six big American investment banks, slightly more women than men are employed. However, most of them work in roles described as “other”, that is as administrative or supporting staff, or in other roles not associated with the core business. In these roles between sixty and seventy percent of all staff are women. Moving up through the ranks and closer to the market activity, the share of female employees drops. In middle management their representation varies between those six firms from twenty-four to fifty-one percent, among executives and board members the share of women lies between nineteen and thirty-four percent, dropping to zero among CEOs.

According to a report by the consultancy firm Oliver Wyman (Jäkel and Moynihan 2016: 9-10), these numbers fit well with the global data from the bigger category of financial services firms (also including consulting firms, central-, retail-, and commercial banks, market infrastructure providers and insurance companies). In the whole sector, the global average of female executives (board members and members of executive committees) is sixteen percent, however varying between values of two percent for Japan and thirty-three percent for Norway. In Australia, twenty-one percent of executives are women, in Germany only ten percent. Again, among these executives, female representation is larger in roles removed from the market, such as human resources and legal departments, where women have the strongest representation with forty-five and thirty percent, whereas only fourteen percent of all executives responsible for business lines and finance, and only eight percent of all CEOs are women.

The situation of women in investment banking is therefore not only one of a glass ceiling preventing upward mobility, rather there seems to also exist what I would like to call a "glass wall" confining women to the less lucrative administrative and supporting departments within financial firms.

While the effect of the glass ceiling is well researched and known to exist throughout most organisational fields, the glass wall seems to be a particular feature of investment banking. Since women do not advance in corporate hierarchies in step with men, in the literature (for an overview see e.g. Barreto et al. 2009) usually two interrelated explanatory factors are given: In a structural perspective, major career advances happen for men at a stage in the life course (between the age of thirty and forty) when women tend to reconsider their priorities, have children, and devote more time for family life. When returning to the workplace they have to compete with a younger cohort of men for advancement, while their male peers have already "overtaken" them. This structural effect however is heavily steeped in the cultural conditions of the workplace, on its own the factor of child-rearing explains very little. Rather it is the cultural factors such as societal role expectations, gender stereotypes and sexual discrimination, which are generally viewed as the decisive reason for the underrepresentation of women in the upper echelons of hierarchies.

The glass wall as a specific feature of investment banking is often attributed to a culture of masculinity specific to investment banking. As for instance McDowell (1997) or Honegger (2010) argue, the competitive nature of the business reinforces male stereotypes of aggresivity and combativeness. This goes hand in hand with martial self-images of the men dominating the field as "warriors", "soldiers" or "sharks", and finds its expression in rough interactions and machoistic language, as well as bellicose status games in the workplace.

While this is often treated as a mere cliché of finance as a rough "boy's club", the only two women in my sample (representative of the under-representation of women in investment banking) confirmed this culture outright. Both women in my sample experienced the harshness of manners and felt "in the wrong place", as Carolin from Frankfurt put it. Kim tells the following story of her time at an Australian investment bank:

> Swearing. All the time. You know, like, a lot of swearing, and they would say to you: "Get that done! Get this done! Get that done!" You know, it's not nice language, you're being told what to do in a very rude way. Y- you can

say that…you can't say these words in public though. And it's very fast. It's extremely fast. Yeah and I think it wasn't great for me. I didn't like that aggressiveness, and I didn't like being told what to do either.

Kim describes the normalcy of a rudeness she was not even willing to replicate in the interview. The men I interviewed, when asked about gender relations had less of a problem describing this culture. Thomas from Sydney for instance does not have any inhibitions in expressing himself towards the (also male, and of a similar age) interviewer in a rather explicit way, when asked about whether he had any female colleagues:

> There were quite a few women in back office, four girls on a desk. [The first firm] was small, we had four girls, one of them was a manager and she was, she was just great at her job, like a really clever, clever woman. One was a salesperson, actually no there were five. Two of them were salespeople, one was Greek and one was Chinese and they just looked after that market, so the Greek one had so many contacts in the Greek community she got all her business from there. The Chinese one, her dad owned a Chinese newspaper so she got all the business through her dad, another girl, was really good at derivatives, she worked on the derivatives desk. And another one had huge fabulous breasts and she used them to her advantage very very well in <laughs> in acquiring clients… then [at other firm] there were three girls, four girls that worked on the desk there, and that was like fifty people on the desk. And they were all hired because they were extremely good-looking and sluts as well. Two of them were twins and they were so sexy those two twins, and each of them slept with like eight or nine guys in the office, so they were just... At [first firm], the women that worked there were good at their jobs, at [the second firm] the women that worked there were good at sleeping with the right people in the office to keep their jobs <laughs>.

The way he refers to the women could be owed to the casual interview situation; however, the use of expletives implies that this derogatory way of talking about women is perceived as normal. The rather unapologetic way Thomas talks about the gender relations at the workplace, and his stereotypical reduction of former female co-workers to either "sluts" or people who get their business not from their ability, but rather their belonging to an ethnic community is mirrored in a politer way in the reason given by Sebastian, for why the business is male dominated:

> Women find professional places like that very hard because, erm, the hours, so women tend to get to a certain level and not above. Very few, few women survive that type of environment, which is a shame, but it's true. Um, with men, you find that those that have the ability to get up every day, persevere, um, no matter, just start again and start again because in banking you get knocked down ten times, you have to get up ten times, each day.

Sebastian's explanation of women as the "weaker sex", and Thomas' overt sexism demonstrate the power of gender stereotypes in finance. Underlying both statements is a sense of normalcy, a position of "this is just how professional places are", which defines the workplace as a male space, and runs counter to the claims of diversity being a true value of investment banks discussed in Chapter 9.1.3. As both, Carolin and Kim stated, it was this culture of diminishing women which made them leave investment banking.

10.4 Ethnicity

While the gender hierarchy seems firmly entrenched, investment banking also prides itself of its ethnical diversity. As I discussed previously, the approach to ethnic differences seems different to how gender is dealt with. The argument of voiced in the interviews was that "true cultural differences" would get "sanded down", therefore ethnic differences had no substance in finance.

However, in the interviews, the respondents seemed generally to conflate the category of ethnicity with internationality. Their experience with ethnic diversity referred to international work contexts, not so much to different ethnic backgrounds from the same country.

Data on ethnicity in investment banking is even harder to come by than for the representation of women. The exception again is the United States, where the national discourse over race and racism has sparked a small debate on the "whiteness" of the industry. In terms of general representation in the workforce and career advancement, Crowe and Kiersz (2015) report that among the top six bulge-bracket investment banks, the total share of non-white workforce varies between twenty-two and forty-seven percent. As with female representation, this drops to values of roughly a third of middle management being non-white, and again among executives to values between four and nineteen percent. The authors conclude that as for women, an ethnic glass ceiling seems to exist as well. For Britain, Ashley et al. (2016) find that ethnic representation in investment banking is an effect of selection by socio-economic background: As minorities are already underrepresented in the population of university students investment banks recruit from, ethnic discrimination is not an issue for the business insofar, as that it happens on a societal level, before even encountering the access barrier of recruitment processes.

The issue of ethnicity is also dealt very differently in Australia and Germany. In Australia, it being an immigrant society, the variety of ancestry of the population is considered an integral part of the national identity. The most disadvantaged group however are Aboriginals, who are excluded from society to an extent that their mere existence is often ignored. This issue was not brought up even once in my interviews, as their representation in higher education, and therefore in the recruitment pool is extremely small. In Contrast, in Germany, ethnic divisions between migrants and “natives” are a hot political topic.

Among my sample, from Sydney only Kim as an Asian-Australian self-identified as belonging to a non-majority ethnic group, whereas in Frankfurt, Ramin, Christopher and Dimitris identified as having a migrant background.

It was quite surprising that the issue of ethnicity only was brought up in Sydney by Kim, who, as discussed in Chapter 9.4 (pp. 166-169), felt that because of her gender and her ethnic background, she could not develop the networks necessary for career advancement beyond senior management. As she put it:

> […] well if you think about it, all the corporations are owned by white men. <laughs> You see, I don’t have that network. I’m a very good worker, but a good worker will only get you to senior management level. The good worker will not get you to partnership – it will not get you to CEO.

As with the glass ceiling, the impression of Kim is that a network with “white men” is not something that can be developed, but rather something you either have or you don’t, where you’re either part of the group or you are not. It is in other words an issue of “identity”, not of networking skills.

Kim’s experience points to a central aspect of the business most of my respondents would not see: That for all the “cosmopolitanism” one develops as a financial professional in this global field, finance remains a field defined by a male, western and white culture. This aspect is masked by my research sites being both in western countries with a predominantly “white” population. The issue of “whiteness” has been documented in research on expatriates in places where financial professionals encounter a non-white society. As Lars Meier (2009, 2016) shows with an ethnographic study of German expatriate investment bankers in Singapore and London, the white identity only becomes articulated in places perceived as non-white. He argues that while in London, German investment bankers had to compete with the locals for social acceptance, in Singapore their whiteness signified a status which already defined them as members of a transnational elite:

> [In Singapore] the bankers feel unchallenged in their social position as transnational elite because they consider themselves as whites both desired and required for the development of Singaporean society. They feel that their white, transnational elite identities make them welcome. (Meier 2016: 500)

The central difference defining ethno-cultural identity in finance therefore lies along the line of white/non-white, whereas other ethnic divisions seem of less importance. This becomes clear when considering the case of Christopher, who is Welsh, but lives in Frankfurt. In contrast to Kim, who is limited in her career by her non-white ethnic identity, he explains, that his ethnicity is rather a device, which can be employed to achieve certain outcomes:

> I now have dual citizenship, I've been naturalized as a German citizen last year. I always like to say, I'm a German with a Welsh migration background. And depending on the situation I represent myself as a Brit, or I say that I'm German, as a salesman you have to be somewhat extroverted and you have to set a personal note within the industry. When you're that long in the game people need to know you, and you have to be recognizable. Firstly, there's my name – there's nothing more British than my name, and with such a neme at a German firm, and also being fluent in German, that is quite noticeable and unusual. Secondly, there's…tomorrow I'll be in Hamburg and I always wear my bowler hat, that British bowler hat, the people in Hamburg love that. And if I don't wear it, they ask "Where's the hat?" and that's one of these personal notes, as a Brit. Previously it was different, I came as a British representative of a British firm, but at [our company] everything is German, German, German, but I am always remembered and recognized as the Brit…and when you visit the Oktoberfest in Munich with customers, then of course I wear Lederhosen and say: Look, I'm German! <loughs>.

Diversity and difference thus become valuated, when they are used in order to create business. Thomas comments discussed in the previous section about the physical attractiveness of his female co-workers can be read in a similar way: as long as it is marketiseable, difference from the white male norm is accepted and welcomed.

11 Conclusion: The Formation of a Global Financial Class

In this concluding section I present a summary of my findings in Bourdieu's categories for the formation of a social class, namely economic social and cultural capital, doxa, and habitus,. My conclusion is, that the homogenizing forces of the field of finance, its autonomy and its mechanisms of closure produce the foundations for a process of class formation, most visible in the doxa and habitus of the financial professionals.

In part one of this thesis, I have asked the question how global class formation could be conceived of. As the discussion has shown, there were various theoretical and epistemological problems to overcome, before I arrived at the conclusion that the field-theoretical approach of Pierre Bourdieu is the most suitable for conceptualizing the formation of a global class.

As the brief reconstruction of the globalisation debate in Chapter Three (pp.42-51) has demonstrated, one main discursive obstacle lies in the adherence of many authors to a form of juxtaposition of "the global" with "the local". The truth, it seems, lies in the middle: Global social fields, such as the financial markets, which form the basis for the formation of a global financial class, still require specific localities to unfold their power. Therefore, "the global" and "the local" never exist in a pure form, as I have shown at the beginning of part two in the comparison of Frankfurt and Sydney in Chapter Eight. As two distinctly different, but comparable financial centres, the analysis of the local institutional structure of the financial field shows that local path dependencies, based on historically different developments, inscribe themselves into a globally integrated financial system without resulting in a complete homogenisation. Instead, different localities can profit from their distinctive history through specialisation in those areas, where the local preconditions are particularly suited to be of global demand. The idea of globality in this instance has the function of a role-model for the development of competitive capacities in order to attract financial capital.

The groundwork for class formation on financial markets mirrors this process. As I have discussed in Section 9.1, the processes of social closure, which form the basis for the formation of a financial class, have deep local roots. Reflecting the different histories and local class structures, the hiring practices of financial organisation differ slightly between Frankfurt and Sydney. While this conserves some of the local particularities within the financial professions, during the course of a career these get "sanded away", as one respondent put it. The dynamic underlying the globalisation of practices and attitudes is grounded in the autonomisation of the global financial field. The establishment of global standards and “best practice” removes the financial field from the control through other social fields, which are more closely connected to the state.

This is not to say that national identities of financial professionals disappear completely, they rather get transformed into devices for self-marketisation, as I have shown in Section 10.2. In this respect, the true globality of the class needs qualification, as it becomes clear that it is white- and male-dominated, whereby the hierarchy of gender seems to have a stronger effect than the one of race.

An important contribution to the generation of a global outlook lies in the career structure of financial professionals. From the beginning of their career, international work placements and job changes form an important component of the professional development of financial actors. It is this instance where the globality of the field of finance and the global nature of the formation of the financial class become most visible. The transnational career structure in finance sets the social group of financial professionals apart from other social classes. In contrast to for instance the classical managerial career, as for instance discussed by Hartmann (2016) in the context of the transnational capitalist class (see Chapter 4.2, pp. 57-60), a career in finance is not built on continuity in the place of employment, but rather on frequent changes of employer and geographical location. While these moves across organisations and countries are an important tool of career advancement, they also undermine an identification with the employer. The trajectories of financial professionals can therefore be seen as prime examples of global “boundaryless careers”, as they traverse across organisations, countries and infringe deeply on the private lives.

With the demands of such careers comes an “entrepreneurial spirit”, which complements the dynamics of financialisaton. As I have discussed in Section 10.3, Financial professionals act as entrepreneurs of their own. On the one hand towards their clients: it is part of the job of financial professionals to shape entrepreneurial strategies of client firms and investment decisions of individuals. Thus, they assume a powerful position in the arrangement of the modern financial capitalism, one, which used to be occupied by managers.

On the other hand, they act similarly towards the environment of their own firms, who they attempt to reorganise to fit their own purposes. This demonstrates that it is indeed the field of the market, which produces the condition for global sociation and the identity of a global financial class.

The question that remains is, what these trajectories tell us about the categories of Bourdieu's model for class formation, that is, the forms of capital, the *doxa*, and the *habitus*.

11.1 Social Capital

At multiple points in the careers of financial professionals, social capital plays a decisive role. A crucial instance is at field entry, which involved for Thomas, William or Andrej a "heads up" by a friend who was already working in the industry and was instrumental in securing an entry-level job. This accidental social capital into the field of finance however loses its importance with field entry, as networking becomes a crucial skill for financial professionals. Once within the field, an active strategy for building and managing social capital becomes essential. This happens on two levels: Firstly, it is important to be part of the local financial community, as this is a central conduit for information, essential for everyday business as well as personal career advancement. However, beside the local anchor social capital provides, it is important to cultivate "weak ties" within the own organisation across other locations, in order to maintain personal visibility outside one's own "constituency". This transnational social capital is crucial for career advancement within the dominant multinational investment banks, and becomes more important in advanced stages of the career, when promotions to a higher position require a consensus across multiple subsidiaries of the firm.

Social capital therefore has a two-fold binding function: Firstly, it anchors the professional in the local financial centre, and, secondly, in the case of multinational investment banks, it ties the employee to the firm, thus counteracting the self-directedness of financial professionals, which can be seen in the frequent job changes an average career entails.

In both instances social capital acts as a conduit for information, both locally and transnationally, and is therefore an important structure for the functioning of financial markets.

11.2 Cultural Capital

As with social capital, the first encounter with field-specific cultural capital is usually local, and happens at field entry, where it is part of the selection criteria for jobs in finance. These vary locally, and encompass objectified and embodied cultural capital, such as dress codes, status symbols and manners (as discussed in Section 10.1), as well as institutional cultural capital, most importantly university degrees.

However, within the field, specific cultural capital is formed, both in its institutionalised form as finance-specific certificates, and in its embodied form as a code of conduct. The cultural capital formed within the field takes, in contrast to the assets in cultural capital which allow field entry, a globally standardised form. With the progression of a career, financial professionals thereby "graduate" from a local cultural anchoring into a global one. The acquisition of forms of cultural capital specific to the field of finance thereby is instrumental in creating what many respondents understood to be a "global outlook" as a precondition for the development of a "cosmopolitan character", as Helmut from Frankfurt called it. The specificity of such "cosmopolitan" cultural capital in finance lies in its vagueness: As discussed in Chapters 9.2.2 (pp. 154-159) and 10.1 (pp. 170-173), this so-called cosmopolitanism is fundamentally different from the meaning of the concept in academic debate. Instead of the ability to adapt to foreign cultures, as Hannerz (1986) defines it, here it is rather understood as the dissolution of local particularities, at the benefit of a universally shared appearance, which makes one identifiable as possessing the "look, feel and smell" of a banker. It thereby embodies the idea of globalisation described by Ritzer (2006), an annihilating force, which overpowers the local and creates global conformity.

The homogenisation of cultural capital is constitutive for the career trajectory in finance, as it allows for frequent changes in places. The uniformity of cultural capital dispends to a certain degree with the need for acculturalisation, thus facilitating moves between different localities.

11.3 Economic Capital

Economic capital takes a special place within the field of finance, as discussed in Chapter 7.1 (pp. 88-89), it is the main "object of the game", as well as the raison d'étre of the field. Within careers, economic capital functions on the one hand as a primary motivation for entering the field and "staying in the game". On the other hand, economic capital is required to sustain a career in finance, as the trajectories are rendered quite precarious by the volatile dynamic of the field. Times "between jobs" are part of every career built on multiple job changes, such as careers in finance, and economic capital is required to sustain these.

However, contrary to mainstream economic theory, which maintains that the needs of man are potentially endless, and therefore economic capital would always be in high demand, many of the respondents show a point of saturation with economic capital towards the end of their careers, as shown in Section 9.4. At the point where the demands of the job on private lives are “not worth the money”, the agents in the field have usually amassed enough of it to leave the field and dedicate their lives to something else.

11.4 Doxa

As discussed in Section 10.1, the worldview of financial professionals was significantly transformed in the course of the globalisation of finance. The older cohort of respondents describes this change as a decline in “customer orientation” and a turn towards “greed” and an instrumental perspective towards the world. In analogy to the development of the global cultural capital, the doxa of the field is grounded in a form of utilitarian pragmatism, which subsumes everything under monetary terms. In her interview, Kim made that point very explicit:

> I: You now work in development aid, and are interested in other countries. Did this in any way impact your work in finance, or the other way around?
>
> R: Actually, the work in finance gives me the financial means to do this other work. That's it. […] Working in finance, even though it's highly international, they don't look at those issues. They look at financial transactions and how to make the most of their money. I mean, you've got to be kidding if they think about anything else. So it's, I don't think that working in finance is really global at all. It's actually very narrow. The global part is only because they fly from here to there. <laughs> to me that's not global.

Her understanding of globality is highly normatively charged, and resembles the academic meaning of cosmopolitanism and diversity. Notwithstanding her disagreement with the notion of globality, she expresses to the point the conformity of the worldview predominant in the field of global finance.

Such a worldview is, in its levelling of substance into economic values, highly political. In many interviews, this approach to the world was described as “objective”, as it contains a standardised measurement for everything – economic value. It therefore avoids the articulation of conflictual interests or counterarguments, as everything has a price, even one’s private life, as discussed in Chapter 9.4 (pp. 166-169). It thereby forms the legitimation and the source for the power financial professionals exert via the practices described in Chapter 7.3 (pp. 91-95).

11.5 Habitus

The most crucial aspect of Bourdieu's model of class is the habitus. In the habitus, the summary experiences of a person, her social position and her dispositions are physically inscribed. It goes beyond mere appearances, and includes such subliminal clues as poise, articulation, and body language. The elusiveness of this notion has often been criticized, as most research methodologies – the one applied in this study included – lack the ability to comprehensively depict it in all its facets.

However, through the perceptions of the respondents, a certain picture emerges.

Firstly, the conformity already encountered in the formation of the cultural capital and the doxa also forms a central facet of the habitus. It is more than a cliché, when the head hunter from Frankfurt describes investment bankers as "clones" (see Chapter 9.3, pp. 159-166), the agents in the field themselves share this sentiment. One especially succinct description is given by Georg, when recounting the following episode from his holidays:

> "[...] at the airport lounge there were these guys talking loudly about business, and I said to my wife: 'Let me sit over there, if I talk to them, how long do you think it will last until they realize I'm not one of them?' All the companies have basically the same problems and ways to deal with them…it's a certain language we speak, always the same phrases….you could survive quite a while in such a group, before someone realises, that you actually don't have a clue what they are talking about… and you can't turn it off, it follows you even into your holidays..."

What this shows us is how far the business practices on financial markets instill not only a shared understanding of the world - all companies have the same problems – but also strategies to deal with them. The way of speaking, the posture the poise anchors these dispositions deep in the everyday behavior of financial professionals.

Another aspect is the often-described "cunning", a certain ruthlessness that finds its expression in the general demeanor of investment bankers. The animosity against other bankers, often expressed in very explicit language, described in Sections 10.2 and 10.3, is similarly ubiquitous. As it became apparent in the instances, where the respondents were unashamedly "letting off" about their colleagues during the interviews, this is another disposition which extends beyond mere role behavior, as it breaks through in social situations outside of work.

In conclusion, I feel confident to state that there is a habitus produced by the field, which renders its members recognizable amongst themselves, and differentiates this group from others.

11.6 Conclusion

In sum, the reconstruction of the trajectories in the field of global finance shows firstly, the classed nature of the financial field. This becomes apparent for the first time in the hiring practices, which rely heavily on indicators of class. However, while these are locally specific, the lens provided by the categories of the Bourdieusian model shows a transformation of these initially "local" categories, as they become uniform across countries over the course of the trajectories. The stories told by the respondents from Frankfurt and those from Sydney are extremely similar in describing a loss of local specificity and increasing assimilation with an almost cliché- like image of investment bankers. This culminates in the formation of a field-specific habitus, which makes financial professionals recognizable amongst themselves and others.

Through the reconstruction of the trajectories in the field of finance, I have shown that the group of financial professionals conforms to the theoretical expectations for the formation of a class. Most importantly, this becomes visibly through the socialization of financial actors into the field of global finance, which necessitates a certain amount of transnational mobility and a "global perspective". Although it is still an emerging class, the process of its formation thereby incorporates a specific kind of transnationalism as its central feature. This transnationalism is, as discussed, one that does not build upon an immersion in local cultures, as Hannerz (1990) had conceived of it, but rather one built upon conformity to a globally uniform doxa and habitus. It is this global similarity which stets the financial class apart from national classes, as its members across the globe are more similar to each other than to their local social environment.

This class is, in other words, not only global in the sense that its members show high similarities across Frankfurt and Sydney. The quality of the attributes defining the class is rather of a nature which defies locality. Local specificity has no place in the workings of the financial market, except where it can be used as a device for profit maximization. As the institutional comparison of Frankfurt and Sydney (Chapter Eight, pp. 96-128) has shown, this extends to the institutional level: while institutional configurations are somewhat resilient against subsummation under a singular paradigm of financial market capitalism, they position themselves within it in order to gain competitive advantages, thereby submitting to exactly the logic they seem to resist.

As it has become clear, it is the process of class formation through the trajectories of agents in the field, which sustains the practices of financialization. The uniformity of the attributes of this class gains thereby an explicitly political notion, rendering it a collective actor on the global stage.

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Appendix

Macquarie University, Faculty of Arts Human Research Ethics Committee – Research Approval

MACQUARIE University

LUKAS HOFSTATTER <lukas.hofstatter@students.mq.edu.au>

Final Approval - Issues Addressed_5201500268
1 message

Faculty of Arts Research Office <artsro@mq.edu.au> Thu, Apr 16, 2015 at 9:04 AM
To: Dr Norbert Ebert <norbert.ebert@mq.edu.au>
Cc: Faculty of Arts Research Office <artsro@mq.edu.au>, Mr Lukas Hofstaetter <lukas.hofstatter@students.mq.edu.au>

Ethics Application Ref: (5201500268) - Final Approval

Dear Dr Ebert,

Re: ('Global financial markets and global class')

Thank you for your recent correspondence. Your response has addressed the issues raised by the Faculty of Arts Human Research Ethics Committee. Approval of the above application has been granted, effective 16th April 2015. This email constitutes ethical approval only.

If you intend to conduct research out of Australia you may require extra insurance and/or local ethics approval. Please contact Maggie Feng, Tax and Insurance Officer from OFS Business Services, on x1683 to advise further.

This research meets the requirements of the National Statement on Ethical Conduct in Human Research (2007). The National Statement is available at the following web site:

http://www.nhmrc.gov.au/_files_nhmrc/publications/attachments/e72.pdf.

The following personnel are authorised to conduct this research:

Dr Norbert Ebert
Mr Lukas Hofstaetter

NB. STUDENTS: IT IS YOUR RESPONSIBILITY TO KEEP A COPY OF THIS APPROVAL EMAIL TO SUBMIT WITH YOUR THESIS.

Please note the following standard requirements of approval:

1. The approval of this project is conditional upon your continuing compliance with the National Statement on Ethical Conduct in Human Research (2007).

2. Approval will be for a period of five (5) years subject to the provision of annual reports.

Progress Report 1 Due: 16th April 2016
Progress Report 2 Due: 16th April 2017
Progress Report 3 Due: 16th April 2018
Progress Report 4 Due: 16th April 2019
Final Report Due: 16th April 2020

NB: If you complete the work earlier than you had planned you must submit a Final Report as soon as the work is completed. If the project has been discontinued or not commenced for any reason, you are also required to submit a Final Report for the project.

Progress reports and Final Reports are available at the following website:
http://www.research.mq.edu.au/for/researchers/how_to_obtain_ethics_approval/human_research_ethics/forms

3. If the project has run for more than five (5) years you cannot renew approval for the project. You will need to complete and submit a Final Report and submit a new application for the project. (The five year limit on renewal of approvals allows the Committee to fully re-review research in an environment where legislation, guidelines and requirements are continually changing, for example, new child protection and privacy laws).

4. All amendments to the project must be reviewed and approved by the Committee before implementation. Please complete and submit a Request for Amendment Form available at the following website:

http://www.research.mq.edu.au/for/researchers/how_to_obtain_ethics_approval/human_research_ethics/forms

5. Please notify the Committee immediately in the event of any adverse effects on participants or of any unforeseen events that affect the continued ethical acceptability of the project.

6. At all times you are responsible for the ethical conduct of your research in accordance with the guidelines established by the University. This information is available at the following websites:

http://www.mq.edu.au/policy/

http://www.research.mq.edu.au/for/researchers/how_to_obtain_ethics_approval/human_research_ethics/policy

If you will be applying for or have applied for internal or external funding for the above project it is your responsibility to provide the Macquarie University's Research Grants Management Assistant with a copy of this email as soon as possible. Internal and External funding agencies will not be informed that you have approval for your project and funds will not be released until the Research Grants Management Assistant has received a copy of this email.

If you need to provide a hard copy letter of approval to an external organisation as evidence that you have approval, please do not hesitate to contact the Faculty of Arts Research Office at ArtsRO@mq.edu.au

Please retain a copy of this email as this is your official notification of ethics approval.

Yours sincerely

Dr Mianna Lotz
Chair, Faculty of Arts Human Research Ethics Committee
Level 7, W6A Building
Macquarie University
Balaclava Rd
NSW 2109 Australia
Mianna.Lotz@mq.edu.au