



# Economics as symbolic capital: The consecration of elite business schools

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Accepted: 15 June 2021 / Published online: 19 July 2021  
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## Abstract

Ever since the first elite business schools were founded in Europe and the United States during the late 1800s and early 1900s, they have enjoyed an intimate relationship with economics. Despite some notable analyses of economics' importance for the successful institutionalization of business schools, an understanding of the relation between economics and elite business schools requires further development. As such, this paper focuses on 'economics as symbolic capital' for the consecration of business schools as elite settings, with particular emphasis on the symbolic aspects of economics' cultural and social capital. Consecration can be seen as critical to the institutionalization of elite business schools; in contrast to the primary focus of previous studies on the material significance of economics in business schools, my chief concern is the discipline's symbolic power and importance for business schools' status as elite institutions in many countries today. Data from a study on Sweden's elite business school, The Stockholm School of Economics (SSE), were based on both historical and contemporary sources, including archival material, biographies, statistics, participant observations, and interviews with faculty and students. The SSE is one of the world's oldest elite business schools where economics has played a critical role ever since its establishment; the SSE's economics faculty has a unique relation to the ultimate source of capital for contemporary global economics, namely, The Nobel Prize in Economics, which exerts a significant influence on the discipline's general standing and status today.

**Keywords** Consecration · Economics · Elite business school · Symbolic capital

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I am grateful to Konstantin Lampou, Trygve Gulbrandsen, Per Skälén, Ylva Hasselberg, Anders Hylmø, Lennart Erixon, Richard Swedberg, the editors and the two anonymous reviewers for their helpful suggestions and comments. The completion of this article has been made possible through funding by Riksbankens jubileumsfond and Handelsbankens forskningsstiftelser.

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‘Elite business schools’ are institutions that aim to train and prepare people for leadership and decision-making positions in business, finance, and related sectors in society that are of critical importance to the management of modern capitalism (Augier & March, 2011; Fourcade & Khurana, 2013; Kingston & Clawson, 1985; Van Maanen, 1983). Although there are variations between business schools across the globe depending on each country’s political, cultural, and social history, its security situation, levels of education, GDP, distribution of wealth and incomes, geopolitical factors, and so forth, the way the world’s economic elites are educated at its foremost business schools seems very much inspired by a joint philosophy: admission is normally very selective, students typically come from similar, privileged backgrounds, the educational philosophy is comparable, graduates tend to end up in similar industries, and they eventually become part of a ‘family’ or ‘community’ of business school alumni that control significant economic and cultural capital (see, e.g., Pettigrew et al., 2014; Røbken, 2004; Schleef, 2006; Whitley et al., 1981).

As will be suggested in this paper, the power of the world’s elite business schools can largely be attributed to its close association with economics. Indeed, ever since the first elite business schools were formed in the United States and Europe during the late 1800s and early 1900s, they have enjoyed an intimate relationship with this discipline (Augier & March, 2011; Khurana, 2007). For instance, many of the founding deans of business schools at leading US universities were economists, and economics departments have often been located in prestigious business schools, exerting a significant influence on the teaching and curricula (Fourcade, 2009: 69–71; Fourcade & Khurana, 2013: 123). Since 1990, relatively many Nobel prizes in economics (nearly 40%) have been awarded to elite business school scholars, thus manifesting economics’ contemporary importance for these institutions and vice versa.<sup>1</sup>

Despite some notable analyses of the importance of economics for the successful institutionalization of business schools, the understanding of the relation between economics and elite business schools can be further developed. This will be accomplished by focusing on ‘economics as symbolic capital’ for the consecration of business schools as elite settings. That is, emphasis will be put on the symbolic aspects of economics’ cultural and social capital (cf. Bourdieu, 1984; 1992; Lebaron, 2000). Consecration, i.e., social and moral elevation (Accominotti, 2021; Khan, 2011), can be seen as critical to the institutionalization of elite business schools; in contrast to

<sup>1</sup> A total of 58 laureates have been awarded between 1990 and 2020. According to my analysis, the following 21 individuals have been associated with business schools: Paul Milgrom and Robert Wilson (2020 Nobel Prize in Economics); Paul Romer (2018 Nobel Prize in Economics); Richard Thaler (2017 Nobel Prize in Economics); Eugene Fama, Lars Peter Hansen and Robert Shiller (2013 Nobel Prize in Economics); Alvin Roth (2012 Nobel Prize in Economics); Thomas Sargent (2011 Nobel Prize in Economics); Oliver Williamson (2009 Nobel Prize in Economics); Finn Kydland (2004 Nobel Prize in Economics); Robert Engle (2003 Nobel Prize in Economics); Michael Spence (2001 Nobel Prize in Economics); Robert Merton and Myron Scholes (1997 Nobel Prize in Economics); John Harsanyi (1994 Nobel Prize in Economics); Robert Fogel (1993 Nobel Prize in Economics); Gary Becker (1992 Nobel Prize in Economics); Ronald Coase (1991 Nobel Prize in Economics); Merton Miller and William Sharpe (1990 Nobel Prize in Economics). According to my estimates, more than half of the business school laureates have their primary affiliation with a business school (Milgrom, Wilson, Romer, Thaler, Fama, Shiller, Engle, Spence, Scholes, Fogel, Becker, Miller and Sharpe), while the rest have a double affiliation, typically with an economics department located outside the business school. Data come from The Royal Swedish Academy of Sciences’s website <https://www.kva.se/en/priser/ekonomipriset> (accessed on Dec. 4, 2020) and from laureates’ university and business school websites. For a similar account, see Fourcade (2009: 72).

earlier studies' primary focus on economics' material significance in business schools, e.g., the content of teaching and courses, my primary focus is on the discipline's symbolic power and its importance for business schools' standing as elite institutions in many countries today (Huzzard et al., 2017; Pettigrew et al., 2014).

In examining economics as symbolic capital for the consecration of elite business schools, I will draw on a study of The Stockholm School of Economics, the SSE (see Appendix 1). The SSE is Sweden's elite business school that, since its founding in 1909, has educated future Swedish decision-makers and leaders in business and politics, including ministers of finance and governors of the national bank. The SSE is a uniquely influential institution in a country traditionally known for its social-democratic policies and egalitarian ambitions. What is peculiar about the SSE in relation to leading business schools in other countries, many of which are perhaps more well-known than the SSE, is its strong link to the ultimate source of symbolic capital for contemporary international economics, The Nobel Prize in Economics (see Fourcade, 2009; Lebaron, 2006). As I will reiterate in more detail, past and present members of the SSE economics faculty created the prize together with the funding institution, Sveriges Riksbank (The National Bank of Sweden) in 1968. Over the years, economists associated with the SSE has dominated the prize committee, thus exerting a significant influence on economics as a prestigious scientific field globally, not least by awarding relatively many prizes to fellow elite business school scholars. Simply put, if one wants to better understand the symbolic role of economics in elite business schools' consecration of national and international economic elites in contemporary capitalist society, the Stockholm School of Economics is a particularly useful study object.

As is the case of many other elite business schools, the SSE offers undergraduate and graduate courses (MBA to a smaller extent only). Consisting of some 2000 students in total, it is one of Sweden's smallest universities and the only private institution. Similarly to other Swedish universities, tuition is free; but most students at the SSE still come from socioeconomically privileged backgrounds. Indeed, there is a straight line from an upbringing in the country's wealthy communities to studies at the SSE (see Holmqvist, 2018, 2020). As is the case for other leading business schools in Europe and the US, this institution was created by businessmen in the early 1900s, primarily in order to raise their social standing and status vis-à-vis the established classes of priests, officials, and the nobility (Gunnarsson, 1988; Röbbken, 2004). Hence, the school's original purpose was not primarily about the transmission of specialized knowledge about commercial activity but rather academic consecration through the awarding of prestigious exams (Bourdieu, 1996; Khan, 2011). As Khurana (2007: 48) concluded in his analysis of the creation of the first US business schools, by offering their money and services in establishing business schools and supporting higher education in general, "managers could establish for themselves a legitimacy that could not have been attained through profit-making activities." The SSE and other business schools across the globe that today enjoy an illustrious reputation do not necessarily, or primarily, exist because they offer efficient, technical solutions to different needs or problems in the corporate world or the wider capitalist economy. They are rather institutions through which corporate and economic elites are consecrated. In this enterprise, economics has a vital role.

## Theoretical framework

Elite business schools are institutions dedicated to educating future economic leaders, such as high-ranking corporate officers in business and finance and heads of national banks and related national and global financial institutions, i.e., they create an elite that will come to control much of society's most important economic institutions (see, e.g., Anteby, 2013; Schleef, 2006; Whitley et al., 1981). Elite business schools, whether they are concerned with only MBA degrees or, as is more common, include graduate undergraduate and undergraduate teaching as well, teach students micro- and macro-economics, financial analysis, business administration, or other traditional management techniques and analytical frameworks deemed necessary for students to technically and intellectually master today's economy. This is business schools' material and formal function.

However, as is the case for most elite schools, the significant symbolic and informal functions of elite business schools is the consecration of students, i.e., their social and moral elevation, thus giving them not only the technical qualifications to lead and control the economy and society, but the social and moral legitimacy to do so as well (see e.g., Bourdieu, 1996; Holmqvist, 2020; Khan, 2011). The objectified, embodied, and institutional symbolic and cultural capital that contemporary elite business schools manifest and reproduce through their curricula, their academic prestige, the social networking they can offer their students, etc. (cf. Bourdieu, 1984; Bourdieu & Passeron, 1977), are critical to the promotion of their students to a venerated class of people with the moral right to act as leaders in contemporary, neo-liberal society (Ho, 2014; Rivera, 2016). Indeed, elite business schools are important sites in which significant capital is being assembled, traded, and accumulated in different social, cultural, and economic guises (Anteby, 2013; Van Maanen, 1983); a main historical function for them has been to socially elevate business people through academic consecration: the granting of an academic degree differentiates and elevates, i.e., sanctifies, those aiming to occupy higher social positions (Khurana, 2007; Røbken, 2004). Essentially, consecration is about raising the value of a human being or institution by imbuing the actor with certain higher social, moral, aesthetic, and even spiritual qualities. By definition, a consecrated actor is a powerful actor due to his/her access to significant capital of both symbolic and material nature (see Bourdieu, 1996; Bourdieu & Passeron, 1977).

An important but neglected 'mechanism' of elite business schools' consecration is economics, manifested by the discipline's social, political, and scientific status (Fourcade, 2018; Lebaron, 2000). The prestige of economics can be understood as an interplay between its embodied, objectified, and institutionalized cultural and social capital (Bourdieu, 1992); not only is the teaching of economics, including finance, important for technical control of the contemporary, neo-liberal economy by business school students, it is also crucial for their social and moral elevation as leaders, reflecting the institutionalized standing of economic in contemporary society. This is most notably manifested by the 'Nobel Prize in Economics,' which provides the discipline with unique scientific and moral authority. Although occasionally subject to critique, even by some leading economists, the faith in markets we witness today largely comes from modern economics, underpinned by this prize (Lebaron, 2006; Offer & Söderberg, 2016) indicating the prize's consecrating significance. Analyzing

the historical links between economics and business schools, Fourcade and Khurana (2013: 155) concluded that this link “may have been one of the most important drivers of the so-called neoliberal revolution – and its continued strength may be one of the reasons why a rollback on that revolution has not happened yet.”

In all essential respects, economics’ consecration is about elevating their disciples, imbuing them with certain higher moral and even spiritual qualities, transforming them into powerful decision-makers as well as social and moral role models (Lebaron, 2000). Indeed, economists are often considered authorities in policy-making and public debate. They control important national and international institutions, such as public agencies, national banks, and private firms; this has not only to do with any supreme technical and analytical abilities, but also with their socially elevated statuses. Their position of social superiority (see Fourcade et al., 2015), as a power elite, reflects economics’ unique standing, i.e., elite business schools’ most important symbolic capital.

## Findings

In the following, I will present my findings on economics and the consecration of the Stockholm School of Economics (SSE) as an elite business school. This presentation will follow a thematic analysis in three steps: (1) The first section examines the decisive period/event in the history of the school’s consecration, namely, the first decades of the 1900s when the institution was set up and was gradually institutionalized as a prestigious academic organization. This section focuses on the primary function of the new school, namely, to raise the social standing of businessmen, one in which economics came to play a pivotal role; (2) The second section concerns the second key period/event in the history of the SSE’s consecration, namely the creation of The Nobel Prize in Economics in 1968. Focusing on the importance of this prize for the authority and status of economics at the school, I discuss its’ contributions to the consecration of the SSE, not least taken into account that the creation of the prize can largely be attributed to SSE faculty’s ambitions and activities; (3) The third section focuses on the contemporary role of economics for the consecration of the SSE, noting that today economics does not only consecrate the SSE; the reverse situation is also at hand: given the fact that the SSE has become an established elite school, the institution contributes to consecrate economics as a discipline, thus signifying a largely symbiotic rather than a parasitic relationship between business and economics. The findings section ends by (4) reporting on the historical and contemporary relation between economics and business through the case of the SSE, noting that the discipline is a good match for a business school, given its apolitical image and market-friendly nature. To this extent, the consecration of business schools through economics is not seen as a socio-politically controversial process from the perspective of the business world.

### Consecration and economics during the early years: Raising businessmen’s status

The formal establishment in 1909 and early development of the Stockholm School of Economics (SSE), i.e., some time ago after the industrialization of Swedish society had begun in earnest during the mid-1800s, was preceded by several national initiatives to

create schools of an academic nature for the teaching of trade. Only once the Wallenbergs, a well-known family of financiers, began to take an interest in the matter did the company begin to develop at a steady pace. The brothers, Oscar, Marcus, and Knut Agathon, were leading figures in the process. Their father, André Oscar Wallenberg, had already taken an interest in economics as a discipline and, among other things, took the initiative for a major economics meeting in the country in the 1860s. In 1906 the so-called SSE Association (“Handelshögskoleföreningen”), the future funding agency of the school, was established with the aim of promoting the establishment and development of a business school in Stockholm: The fact that the SSE would primarily be a privately funded institution was seen as essential to providing a greater number of “fully qualified young men to be used in the higher positions in practical life,” as expressed in a document from the association (see Larsson, 2005).

A few years earlier, in 1903, Marcus Wallenberg, Sr., had donated 100,000 SEK in his half-brother’s (Knut Agathon) name for the formation of a business school in Stockholm. This first donation was used, among other things, to fund several study trips in Europe as a basis for the planning of the intended school; one of them was undertaken by Gustav Cassel (who some years later would be considered an internationally leading economist), with the mission to establish a school of economics in Stockholm (more on Cassel’s instrumental role below). Thus, from early on, there was a close association between business and economics in creating the school. Furthermore, in a newsletter sent out in 1906 to the leading businesspersons of Stockholm, they were offered the opportunity to pay 400 SEK annually for 5 years to enter as founding members of the SSE. As was the case of the first business schools in other countries, a fundamental, albeit informal, purpose for creating the SSE was to raise the social status of business people in relation to the established classes (Khurana, 2007; Röbbken, 2004). Knut Agathon Wallenberg expressed the following about the SSE in a document: “It is knowledge and education that will raise simple tradespeople to businessmen and offer them the standing they enjoy in other countries” (see Olsson, 2000: 34). A reputed senior civil servant who visited Wallenberg even reported him stating that the SSE should “raise businessmen’s status; what kind of knowledge they acquire in the new school, was for him a less relevant issue.” (Nordefelt & Lundqvist, 1943: 93–94). Much like their counterparts abroad, the Wallenbergs, a family with ambitions for power, suffered at the contempt of the established classes; even within their own family, some members took a skeptical view of men of trade (Gunnarsson, 1988: 82).

Setting up a business school in 1909 and, a few years later, in 1926, erecting a pompous school building designed by one of the country’s most acclaimed architects in an area associated with science and academia in Stockholm was evidently not enough to achieve the necessary social elevation of businessmen. There also had to be an adequate level of content. The above-mentioned Gustav Cassel argued that the new business school in Stockholm should avoid offering any “lower” forms of teaching in “trivial” areas such as accounting. These might be relevant in terms of the business community’s needs, but such courses could hardly function as social lubricants. In substantiating his arguments, Cassel stressed that at Berlin’s newly founded business school, there were already two professors of economics, which he regarded as a minimum even for the new school in Stockholm (see Cassel, 1907). Cassel understood what the Wallenbergs expected of him; simultaneously, he wanted to create an

exclusive school of economics, separated from Swedish public universities. With the Wallenbergs at the forefront, the founders realized from the very beginning that there must be a ‘natural’ knowledge base possessed by men of business that was sufficiently specific and advanced to socially distinguish them from other professionals. In this regard, economics, through its insistence on policy-related solutions, and representing a rising discipline in the social sciences in terms of status and prestige, appeared intuitively aligned to the corporate world’s practical approach and interests. Also, in those days, economics was very empirical, focusing on practical rather than theoretical issues and problems (in contrast to much modern economics; see Swedberg, 2009). Hence, economics appeared to offer the business community an attractive compromise: it was sufficiently academic and theoretical to warrant a high standing in society, but it was also a discipline with a rather down-to-earth approach that matched the *habitus* of businessmen.

At that time, there was no academic discipline called “business administration” in Sweden. The closest one could get was “trade technique”, which, although it had to play a significant role as a core subject at the new school, as marked by the first study plan, was nevertheless considered problematic in terms of academic and social legitimacy. It was generally seen as “unscientific” (Engwall, 1986), and could therefore hardly contribute positively to the business community’s status. A further complication was the skepticism among Swedish men of business at the time about a theoretically-based syllabus: In general, business people wanted to enjoy the benefits of a prestigious academic degree to promote their legitimacy and status, but they had no willingness to submit to the culture of the classic academy, with its focus on reading, critical analysis, and theoretical reflections (Jordansson, 2007; Khurana, 2007; Røbken, 2004). The historically complicated relationship between business and academia was well described by Bourdieu (1996: 89) when he said: “Insofar as it expects an institution for the training of the ‘elite’ to introduce its students to intellectual matters without turning them into intellectuals, to educate them without warping them [*former sans deformer*], to condition them without ‘contaminating’ them.”

In order to initially present the SSE as a serious academic institution, where economics would have a central role as a scientific discipline, the first professor of economics recruited was the ambitious and competent Eli Heckscher, recommended by Gustav Cassel. For the new school, this recruitment was of critical importance, as it suggested that economics endorsed The Stockholm School of Economics. Heckscher was, however, not considered a theoretician but more interested in practical matters – he is generally considered the founder of economic history as a scientific field in Sweden (but also renowned in international economics for the co-called Heckscher-Ohlin theorem). A characteristic mark of the school during the early years was the dominance of economics in teaching and curricula. It should be stressed again, however, that at that time, economics was not that abstract and mathematical as is often the case today: it was generally focused on practical issues, not least in the business world. For instance, Marcus Wallenberg Jr’s thesis in economics in 1919 at the SSE, “The concentration of banks in Sweden” focused heavily on practical problems and challenges in banking, his own industry (Olsson, 2000: 38). In the first study plan of the SSE, economics was described in the following way: “The task of economics at the SSE is to describe the business world’s character and organization and to offer the foundation for the studies in trade technique. The technical aspects of business are the

focus for trade technique, and the geographical and juridical aspects are the focus for economic geography and law.”

Despite this, over time voices were heard among both students and business representatives that economics was hardly relevant to obtain the necessary knowledge needed to do business successfully; it was considered overly academic. From 1920, economics declined as a taught subject, while trade technique/business administration was on the rise. However, the inclusion of economics as a central component of instruction was still important to the early presentation of the SSE as a serious scientific institution, thus illustrating economics’ symbolic rather than material function at the school. As Røbken (2004: 82) noted: “[A]cademic reputation ‘credentializes’ the business school’s function fulfillment.” As already implied, there was also an ambition among leading Swedish economists to make the SSE an exclusive school of economics. For instance, Heckscher was very much involved in the school’s early development, responsible for transforming it from an institution with relatively modest academic ambitions to “a school with academic and scientific reputations equal to that of a university” (Henriksson, 1979). All in all, economics played an essential symbolic role in the SSE’s early consecration by symbolically associating the SSE to the discipline’s social and cultural capital.

### **Consecration and the creation of the Nobel prize in economics in 1968**

As already suggested, what makes the SSE a unique study object for examining the consecrating potential of economics for business schools is its close historical and contemporary associations with the ultimate symbolic capital of economics, The Nobel Prize in Economics. The fact that leading economists affiliated with the SSE were critical in creating the prize, which I will document below, and which to my knowledge has not been the subject of earlier attention, makes the SSE unique compared to all elite business schools.

The Swedish businessman and inventor of dynamite, Alfred Nobel, who died in 1896, stated in his will that a large sum of money would be used for the creation of five prizes in chemistry, physics, physiology or medicine, literature, and peace, to those who have conferred “the greatest benefit to humankind.” These five ‘Nobel prizes’ were first awarded in 1901. Thus, Alfred Nobel had nothing to do with the creation of the Nobel Prize in Economics in 1968. Formally named “The Sveriges Riksbank prize in economic sciences in memory of Alfred Nobel” (“Sveriges Riksbanks pris i ekonomisk vetenskap till Alfred Nobels minne”), the prize in economics was formed by the National Bank of Sweden (Sveriges Riksbank) to celebrate its tercentenary anniversary. Assar Lindbeck, Sweden’s leading economist during the last decades and a professor of economics at the SSE at that time, had a leading role. He was both a teacher at the SSE and an adviser to Riksbank’s governor, Per Åsbrink. Lindbeck describes in detail in his memoirs and an article how the prize came about (Lindbeck, 1985, 2012): According to Lindbeck, it was governor Åsbrink, in a conversation with him in 1967, who asked if a Nobel prize in economics would be of any interest for economists, which Lindbeck swiftly confirmed.

At that time, Lindbeck was not a member of the Royal Swedish Academy of Sciences, the intended award-presenting organization; therefore, he suggested that Åsbrink contact four prominent economists who were members, most of whom were



also associated with the SSE.<sup>2</sup> The group soon cemented the proposal with the Academy, despite some opposition from other academic disciplines, where there was resistance to the idea of a Nobel Prize in economics. That the prize was accepted by the Academy was, of course, regarded as paramount in order to confer it the same formal status as the established ones already enjoyed. The Nobel Foundation, formally responsible for all of the Nobel Prizes and the funder of the original five Nobel prizes, was also contacted, and they soon accepted the proposal. It can be noted that, during those days, its board consisted of leading Swedish businessmen, for instance, Jacob Wallenberg, a former economics student at the SSE, as well as prominent member of the Wallenberg family.<sup>3</sup> For them, a 'Nobel Prize in Economics' naturally appeared attractive. Moreover, Assar Lindbeck had a positive relationship with the Wallenbergs.<sup>4</sup> It was concluded that, unlike the other Nobel prizes, the prize in economics was to be funded by the Riksbank (i.e., by Swedish taxpayers); to this extent, they are instrumental in implicitly conferring high scientific standing to international economics, thereby also contributing to business schools' impact worldwide.

The first prize committee for the prize in economics also primarily comprised economists who worked or had worked at the SSE.<sup>5</sup> One can, therefore, quite justifiably state that the creation of the "Nobel Prize in Economics" was largely due to efforts by economists with a previous or ongoing involvement at the SSE who were also exercising a constitutive influence over the prize. Indeed, since the prize was first awarded in 1969, by 2018, when I published my book in Swedish on the SSE upon which this paper is based (see Holmqvist, 2018), people associated with the school still dominated the committee.<sup>6</sup> All in all, leading economists within the SSE have played a major role in instituting this award, which has proved so essential to the SSE's national and international aura and reputation as a leading scientific institution. In a very concrete way, The "Nobel Prize in Economics" elucidates economics as symbolic capital for the consecration of the SSE as an elite business school.<sup>7</sup> Indeed, for many years, the Nobel Lecture of the Economics Prize took place in the auditorium at the SSE. Although no longer hosting official Nobel lectures, Nobel laureates continue to

<sup>2</sup> Persons contacted included Erik Lundberg, Gunnar Myrdal, Bertil Ohlin, and Ingvar Svennilson. Lundberg was active as professor at the SSE at that time, while Ohlin had been active until 1965. Svennilson had been an associate professor of economics at the SSE during the 1940s. Thus, in the advisory group for the creation of the prize (including Assar Lindbeck), four out of five members were associated with the SSE, through current or past employments.

<sup>3</sup> See Sveriges Statskalender (1968). See also Lindgren (2007).

<sup>4</sup> Assar Lindbeck had been affiliated with a research institute funded by the Swedish industry that was headed by Marcus Wallenberg, the head of the family at that time (Lindbeck, 2009). It should also be noted that Lindbeck had close relationships with leading Swedish social democrats; amongst others he played tennis regularly with Olof Palme, chairman of the Social Democratic party and during several periods prime minister.

<sup>5</sup> Bertil Ohlin was chairman, the other members were Assar Lindbeck, Erik Lundberg, Ingvar Svennilson and Herman Wold. Ragnar Bentzel was appointed as secretary (he was a former student and professor at the SSE).

<sup>6</sup> According to figures given to me by The Royal Swedish Academy of Sciences (2018), there have been 36 different members of the prize committee since 1969. 18 of these, in other words 50%, had then or still have now an association with the SSE, either as former alumni and doctoral students or tenured or visiting professors. If limiting this data to professors only, one still ends up with 10 individuals, i.e., 28%, which is a considerable proportion when considering that the SSE is but one of several universities in Sweden that hire economists; for instance, at the other, much larger state-owned universities in Stockholm, Uppsala, Göteborg and Umeå, there are also economics departments.

<sup>7</sup> As a cursory remark, the Riksbank governor Per Åsbrink was promoted to honorary doctor in economics at the SSE when he retired in 1973, thus recognizing his significant contributions to economics.

come to the school for lectures and seminars, which are documented and archived by the school and made part of their marketing. One such example is an SSE video of French economist Jean Tirole's visit on the occasion of the so-called Nobel Week in 2014. Initially, he is seen standing on the stairs to the SSE flanked by the rector and students and faculty. Asked in the video about his relationship with the SSE, Tirole explains: "Well, it's an elite school with a lot of extremely good researchers and good students"; such a statement is, of course, of critical importance to the school's image. Likewise, the SSE regularly reports its faculty contributions to the Nobel Prize on social media; for example, when economics professor Tore Ellingsen, chairman of the Prize Committee in 2015, gave a speech at the Nobel Prize award ceremony in Stockholm, this was duly reported on the school's website: "We are very proud of our SSE professor Tore Ellingsen, who gave a much-appreciated speech yesterday at the Nobel Prize award ceremony." However, the prize is not only important to the SSE as a form of capital; it can also be seen as critical to the business community's impact at large, legitimizing the neo-liberalization, financialization, and market-turn of the global economy that has occurred during the last decades (see Lebaron, 2006; Offer & Söderberg, 2016).

The power of the Nobel Prize in terms of consecrating disciplines and people, including economics and economists, can further be illustrated in a very concrete way through the spectacular rituals associated with awarding the prize, beginning with the solemn announcements in October each year by the Royal Swedish Academy of Sciences, to the majestic award ceremony in Stockholm on December 10 (the day of Alfred Nobel's death), which includes some 1600 prominent guests, including the royal family, and concluding in the magnificent banquet hall at the Royal Palace the following day, where the royal family hosts a dinner for the laureates and prominent guests. These rituals illustrate how Nobel laureates are sanctified and made holy, separated from the rest of society. As for economics, the ceremony reproduces its unique standing in relation to other disciplines in the social sciences and humanities. Notably, on one occasion during all the years the Nobel Prizes have been awarded, the ceremony was disrupted, and some of its mystery was temporarily lost: in 1976, Chicago economist Milton Friedman was about to receive the Nobel medal and diploma from the king's hands when one of the guests, a young man, started shouting protests against capitalism and to Friedman's involvement in Chile at that time; there were also protests on the same theme outside the building by roughly 100 people. As is the case for each laureate during the ceremony, a prominent member of the award-presenting institution holds a short introductory talk before the laureate receives his/her prize; for Friedman, it was Erik Lundberg of the SSE representing The Royal Swedish Academy of Sciences. Lundberg commented to Friedman and the audience after the young man had been silenced and taken away by guards: "I am very sorry for this incident. It could have been worse", after which the audience started laughing and applauding.<sup>8</sup> The order of the day was restored, and the reputation of the "Nobel Prize in Economics" was saved to the benefit of economics and elite business schools worldwide. Thus, the making of a Nobel prize winner in economics can be seen as a good example of economics being consecrated through the institutionalized capital of the original Nobel prizes, as designated by Alfred Nobel in his will, which spills over in a significant way on the world's business schools.

<sup>8</sup> Sveriges Radio. <https://sverigesradio.se/artikel/1746372>. Accessed on 2020-12-04.

## Contemporary consecration: Reproducing the SSE as an elite school

At today's SSE, business administration, and not economics, is clearly dominant in terms of the number of undergraduate courses and the number of professors; this discipline has also become increasingly academic in its focus, and thus hardly runs the risk of desecrating the SSE's status-seeking ambitions as it once used to (see Engwall, 1986; Gunnarsson, 1988). Nevertheless, economics as a discipline and economists at the SSE play a central role in the reproduction of the aura and reputation of the SSE as an elite university. Simply put, economics contributes to the consecration of the SSE as an elite school. Although most of the students of the SSE do not choose to major in economics (only 14% do, according to internal statistics from 2018), the discipline is an essential facet of the school's general status, of its position as a respected educational institution and, of course, as an important guardian of today's neo-liberal thinking that dominates Swedish and international economy (cf. Fourcade & Khurana, 2013; Offer & Söderberg, 2016).

As a testimony to this, in various ways, economics and its apologists are honored in a way that has never been the case with business administration and its representatives: The SSE is known in English as the *Stockholm School of Economics*, referencing the central role of economics for the school's image and the famous research program "Stockholm school of economics", which has contributed to the reputation of Swedish economists on the international scene (see Jonung, 1991). It should be noted that in Swedish, the SSE is called *Handelshögskolan i Stockholm*, meaning 'College of Trade in Stockholm' or 'College of Commerce in Stockholm', a name better reflecting its de facto business orientation. Today, as most courses at SSE are taught in English, the English name is accordingly used more frequently.<sup>9</sup> Additionally, the street behind the main school building is named Bertil Ohlin's Street, in memory of Bertil Ohlin, as already reported a former professor in economics at the SSE, and a Nobel Prize winner in economics. One of the school's rooms used for official events is called the Heckscher-Ohlin room to remind guests of the academic credentials of the school and the renowned Heckscher-Ohlin theorem. The Economics Department, located in the main building with windows facing one of the most prestigious streets in Stockholm, is the building's *crème de la crème*, symbolizing the unique status of economists for the school, despite the fact that the economics department is relatively small. The SSE also holds the annual Ohlin Lecture, funded by two private funds, given by an invited eminent researcher in the field of economics.

In order to further illustrate this point, each year, Sweden's Minister of Finance presents the national budget at the school, which is then discussed among the country's leading economists. The event is organized by the Swedish Economic Association

<sup>9</sup> I endeavored to find documents in the relevant archives that could offer some evidence on when and why the English name of the school, "The Stockholm School of Economics", was chosen; I was unfortunately unsuccessful. Given the Swedish name "Handelshögskolan" (used already in 1906), it would have been interesting to know why economics was included in the English name, and when. What kind of internal discussions resulted in the choice of this name? Who were involved in these discussions? Were other names in English considered? These are some of the issues that would have been interesting to explore. That the name "Handelshögskolan" in Swedish was chosen has probably to do with the fact that the German business schools of the late 1800s were seen as models by the founders of the SSE. "Handelshögskola" is a direct translation from the German "Handelshochschule".

(originally funded by businessman Henrik Palme in the late 1800s), whose members are most of Sweden's economists. The association publishes the journal *Economic Debate* (*Ekonomisk debatt* in Swedish, co-funded by a memorial fund of Palme). They typically hold all their meetings at the SSE, despite the fact the economics department at the SSE is not generally considered one of the leading departments in the country (this informal honor is bestowed upon Stockholm University's Institute of International Economics, founded by Gunnar Myrdal, and headed by Assar Lindbeck after he had left the SSE). Also, unlike business administration, there are people in the field of Swedish and international economics who are regarded as distinguished scientists, and the SSE in Stockholm can count Eli Heckscher and Bertil Ohlin as former faculty members. Both Heckscher and Ohlin have been the subject of much attention and admiration in Sweden and internationally (see, e.g., Henriksson, 1979); such expressions are also an essential part for understanding the main function of economics for the SSE, namely, to consecrate the institution.

However, the relationship between economics and the SSE is not unidirectional; today's elite status of the SSE contributes to consecrating economics. For instance, one junior economics professor told me that "when I say I work at the SSE, people start listening to me in a way that didn't happen earlier." Through its strong economic resources, the SSE has also been able to recruit several famous economists, thus contributing to the development of Swedish economics (this was, e.g., the case of J rgen Weibull in 2003). So, there is a circular economy of symbolic capital between economics and the SSE, where both contribute to consecrating one another. Overall, however, it seems the SSE has benefitted more from the relationship than Swedish economics has. Traditionally, professors of economics at the SSE have opted for a fairly autonomous relationship with the school, which is not least illustrated by the fact that only 2 out of 13 Presidents of the SSE have been trained economists. According to this logic, the power of economists should primarily be symbolic rather than practical, illustrating their primary, albeit informal, function for the SSE in terms of consecration. Furthermore, there are plenty of examples of how economists seem socially and emotionally detached from the SSE; for example, there is little mention of the SSE in Bertil Ohlin's memoirs. When he was recruited to the SSE from his position as Chair of economics at Copenhagen university, it was generally considered a step down academically in terms of prestige (although it paid much better). However, given that he was very much into politics (he later became the leader of the Liberal Party in Sweden), the position in Stockholm most likely attracted him (see Ohlin, 1972).

When I interviewed former and current SSE economics department faculty, a similar message came across. One of them said to me: "I hardly think about the SSE; we live in our own world here," and then went on to stress: "We are not financed by business; we don't have to care about business." The same individual went on: "I meet mostly colleagues and doctoral students. You can live in your own bubble here; I see very little of the SSE." The economics students that I met with expressed similar sentiments and even brought up what was described as a form of social alienation toward the school. This was especially well manifested by the existence of the Social Democratic Economics Club, a club whose members are students in economics at the SSE. In my interviews with two of these students, they described themselves as people who, unlike their fellow students, had a profound interest in social and political issues and not aiming for a career in the private business sector. Overall, economists at the SSE have

little to do with the daily operation of running the SSE as an institution; instead, they are concerned with the major social and economic issues, which, of course, are also of critical importance to the institution's image as an elite university.

The main contribution of economics to the SSE today, therefore, is on a quite distinct level. As one professor of business administration explained to me: "Ranking is very important here, which is why economics is important for the SSE. They publish a lot of articles," that is, articles in respected scientific journals that contribute to the institution's academic aura. An economics professor said: "We have a lot of publication going on, which is good for rankings." To this extent, economics (including finance) has made its mark on the internal promotion system, emphasizing articles published in international journals rather than published books. In today's Swedish social science scene, the former is often regarded as more scientific and therefore crucial to an academic institution such as the SSE. In this context, economics can even be described as an internal 'guardian' of the values that economists believe are essential for high-grade scientific activity. Furthermore, those positive rankings, to which the economics (and finance) faculty substantially contributes to via their publications, are a sign of the institution's high standing and image of academic greatness, further demonstrating the idea of economics as symbolic capital.

### **The relation of economics to business through the SSE**

Overall, the relationship of economists to businesspeople seems less complicated than that of business administration scholars. As an economist, one knows the value of one's subject in relation to the business world and can thus also present oneself as supportive of corporate activity without the risk of being labeled dependent. Economists have cherished the SSE for pragmatic reasons, not because they are particularly loyal to the school or necessarily believe in its fundamental ideas, but because the school, in exchange for their scientific production, offers them a solid administrative foundation and, perhaps, a reasonably intellectual existence. As a testimony to this, leading Swedish economists have enjoyed good relationships with leading business executives; this was, for instance, the case with Bertil Ohlin and corporate executive Jacob Wallenberg. Also, economics professor Erik Dahmén acted for many years as the personal advisor to the Wallenberg family, offering them both practical advice on economic matters and a strong, prestigious association with economics (cf. Eklund, 2010). Effectively, economists at the SSE have been given a rewarding institutional setting, focusing on what they find interesting and important and contributing primarily to the institution on a symbolic rather than practical level.

It should be considered that economics at the SSE can hardly be described either historically or in contemporary terms as politically controversial from a business perspective, which has probably further contributed to the acceptance and approbation of the discipline by the business community. The discipline's foremost historical representatives at the school, Heckscher and Ohlin, both came from distinctly bourgeois environments – Ohlin was also, as already said, the leader of the Liberal Party in Sweden, which corresponds to the Democrats in the United States. Modern economics aims to appear noncontroversial in a political sense. Above all, it presents itself as scientific, and economists are generally very anxious about being perceived as apolitical (Fourcade, 2018). Swedberg (2009) describes the discipline as follows: "Modern

economics is also the most prestigious of all social sciences; and it advocates a perspective based on formal modeling, viewing the actors as operating in an environment of scarce resources while maximizing their utility.” Likewise, Fourcade et al. (2015) argue that there is a general perception among economics students that economics is the most scientific of the social sciences. Still, as has already been noted, faith in markets today largely comes from economics, by economics justifying markets’ rationality, often at a very theoretical and abstract level, detached from any trivial and practical political issues or corporate problems, thus securing its scientific nimbus and consecration potential, while at the same time legitimizing the idea of capitalism as the supreme economic system.

The image of the SSE as an elite business school with the private business sector as its principal enables economics to be viewed as a strong functional science: a discipline with high scientific status, focusing on "purely scientific" problems and issues, without questioning, to a great extent, the prevailing economic order (i.e., capitalism), thus contributing to its reproduction. A former doctoral student and teacher at the SSE, now a professor, explained to me: “Economics has become increasingly theoretical, partly through abstract game theory and partly through macroeconomic theory formation.” A professor at another university, who was educated at the SSE, made the following comment on his former SSE colleagues: “None of the professors there are involved in public debate,” i.e., they stick to strict inner-scientific debates and conversations, according to him. Still, there are examples from SSE’s economics faculty that are active in the public debate, e.g., the endorsement of some of French critical economist Thomas Piketty’s analyses and perspectives on neo-liberal society (see also DeVlyder, 2011).

Overall, economics appears a perfect match for an institution such as the SSE; it contributes to socially elevating the institution by offering it symbolic capital and, indirectly, the business community without criticizing its fundamental ideology, capitalism. Economics does, however, also serve a practical function for the school by teaching capitalism through its micro- and macro-economics and finance courses, thus actively reproducing market-friendly values. Some faculty even approaches questions about the negative effects of capitalism and globalization, by being critical of the critics and, thus, demonstrating to students and other stakeholders that they are essentially market-friendly.<sup>10</sup> As Fourcade and Healy (2007: 287) noted: “[T]here is a long tradition within economic discourse of explicit praise for the moral benefits of market society.” Hence, the SSE is important to the standing of economics within Sweden and internationally. As the SSE has gained the status of an elite university, economics at the SSE has been strengthened not only in relation to other economics departments in Sweden and abroad but also in relation to other social science disciplines within the country and abroad, which could otherwise have more effectively critiqued the ongoing neo-liberalization of the global economy (cf. Offer & Söderberg, 2016; Piketty, 2020).

<sup>10</sup> One example involves Paul S. Segerstrom, professor of economics at the SSE, who, during my study of the SSE, was responsible for the bachelor’s International Economics course and who wrote the article “Naomi Klein and the Anti-Globalization Movement” (available on his website via the SSE’s website; see <https://sites.google.com/view/paulsegerstrom>. Accessed on 2018-04-20). The article also appears in the anthology “Globalization and its Enemies” from 2003 by several leading SSE economists and published by the school (Lundahl, 2003). It is worth noting, that one of the participating authors, Karolina Ekholm, was a Social Democratic State Secretary at the Minister of Finance when I conducted this study (2018).

## Conclusions

Drawing on a study of the Stockholm School of Economics (SSE) based on historical and contemporary data, including archival material, biographies, statistics, participant observations and interviews, and more, this paper examines how economics, seen as a discipline marked by certain symbolic resources in terms of cultural and social capital, particularly its general social and political prestige and scientific aura (Fourcade, 2009; Lebaron, 2006), not least as a result of its affiliation with the “Nobel Prize in Economics”, has contributed to the consecration of business schools as elite institutions, resulting in the promotion and maintenance of their power and authority in contemporary society (Huzzard et al., 2017; Pettigrew et al., 2014). Undoubtedly, business schools are not only consecrated through economics, but other sources of capital, such as their institutional affiliation to prestigious universities, their embodied capital in the form of the buildings and physical surroundings, their networks to significant actors, and so on are also important (Anteby, 2013; Schleef, 2006; Van Maanen, 1983). However, economics must be regarded as a relatively important factor in this enterprise for historical and contemporary reasons. Likewise, economics does not only have a symbolic function for business schools; teaching in economics (and finance) remains central to business schools’ socialization of students as future leaders in today’s neo-liberal world.

By having chosen the SSE as my study object, I am certainly not implying that Sweden is a unique place in the historical unfolding of economics as symbolic capital, particularly not in relation to the global and US-dominated field of economics. However, one should remember that Swedish economists, many of whom are associated with the SSE, occupy a unique position compared to economists from other countries, as they control the “Nobel Prize in Economics”. Only Swedish economists are members of the prize committee, and the Royal Swedish Academy of Sciences acts as the award-presenting institution, an institution fully controlled by Swedish scientists. As such, comprehending the role of Swedish economics for the institutionalization of the SSE is important for understanding economics as symbolic capital for business schools on a global scale. Hence, although Sweden is a relatively insignificant country compared to the world’s largest economies, its impact on economics as a powerful global discipline through its complete control of the Nobel Prize in Economics, is substantial. As Offer and Söderberg (2016) concluded in their analysis of the prize since its creation in 1968, the prize has had some significant impact on economic policies in many countries, spurring a market-turn of the global economy (see also Lebaron, 2006).

That the prize in economics is so closely linked to Sweden’s leading business school is also important to explain the importance of social relations between economists and businesspeople that are offered through such an institution. Indeed, the SSE not only educates future leaders of the corporate world but of central government agencies as well, such as the Swedish ministry of finance and the national bank (cf. Lebaron, 2000); for instance, leading social democrats have been educated there. As a result, there is mutual recognition, legitimation, and consecration between economists and business people via the SSE, and ultimately through the Nobel Prize—that the power elite and ‘field of power’ is consecrated through economics is not unique to Sweden, however, but is well manifested there, and therefore offers some highly illustrative observations.

In relation to existing studies on business schools and economics, the notion of consecration should offer a novel perspective through which one can examine economics' and business schools' historical relationship and the contemporary interplay through which business schools are institutionalized (cf. Augier & March, 2011; Fourcade & Khurana, 2013). Indeed, the notion is particularly relevant as it focuses on the roots of the relationship of these two institutions: namely the social promotion of the business community (see Khurana, 2007; Röbbken, 2004). More specifically, by examining economics as symbolic capital, the political character of economics is highlighted: Assuredly, economists typically describe themselves as apolitical, but understanding economists and economics in capital forms, as a mechanism to consecrate certain actors such as business people according to certain perspectives and interests (Bourdieu, 1984; 2001; Lebaron, 2000), is to challenge such claims. Thus, the sociological notion of capital offers a framework through which the social construction of economic power can be examined in the world of elite business schools. However, the idea of economics as capital also offers the sociological conversation on economics a relevant methodological perspective: By analyzing capital as something embodied, objectified, and institutionalized, different aspects of its power-potential can be better understood, for instance, how economists' *habitus* is constructed (see Colander, 2007). Likewise, the sociological literature on cultural and social capital should benefit from analyzing economics as a critical contemporary expression of power; economics is not only a discipline with scientific claims but also an elite movement with interests far beyond any lecture rooms and textbooks (Lebaron, 2000).

Further, this paper aims to contribute to the scholarly study of the reproduction of elites through higher education and science (see, e.g., Maxwell & Aggleton, 2015; Van Zanten & Ball, 2015). Indeed, elite business schools have not been given much attention in the sociological literature on elite schools and elite education, despite the fact that business schools have become an increasingly important actor for the education of contemporary elites, be they in business or politics (see Huzzard et al., 2017; Pettigrew et al., 2014). The consecration of elite business schools through economics is not only important for a select group of prestigious business schools but also the nature of higher education in general. As Fourcade and Khurana (2013: 122) concluded:

With hindsight, no transformation looks as consequential for the history of American higher education as the extraordinary rise of business schools and business degrees in the twentieth century. From its origins, at the beginning of the century, in technical/vocational programs dominated by practitioners with claims to moral leadership and ethical progress, business education has turned into a large and highly organized field controlled by disciplines with scientific claims.

Finally, the present study's framework should also offer some potentially important social critique: By dominating much of higher education today, and by doing so in a way that creates and reproduces the social and economic inequality that marks much of contemporary, neo-liberal society, even in countries with a strong egalitarian tradition such as Sweden (Offer & Söderberg, 2016; Piketty, 2020), business schools can be said to represent "immoral" social institutions, albeit their ideology is commonly regarded



as expressions of morality (see Davies, 2010; Petriglieri, 2012). To this extent, economics can be criticized not only for teaching capitalism technically, which has been a standard critique till now but also for making capitalism seen as something sacred and holy, i.e., something that cannot be disputed. Through economics' aura and image as a scientifically rigorous and objective discipline, amplified by "The Nobel Prize in Economics", business schools are in the business of consecrating capitalism, thus making it appear not only an effective economic system but a noble and honorable ideology as well. To this extent, any analyses of economics' contributions to business schools cannot be reduced to their technical and material functions only but must include their symbolic and 'spiritual' aspects as well.

## Appendix 1

This study is part of a larger historical and contemporary analysis of the Stockholm School of Economics (SSE), which I have published as a research monography in Swedish (Holmqvist, 2018). For the present paper, which focuses on economics as symbolic capital and consecration, unique frameworks in relation to the larger study of the school, I utilized the following methods:

- (a) I collected and used historical documents from the SSE, such as study plans and internal documents from the early 1900s up to the 1930s, retrieved from various public and private archives in Sweden, including the SSE archives and the Wallenberg family archives. These documents proved vital to understanding the formal role of economics for the early institutionalization of the school, particularly economics;
- (b) Biographies of key actors in the history of the institution, such as one by economist Bertil Ohlin (see Ohlin, 1972) and another on corporate executive Marcus Wallenberg (see Olsson, 2000); such texts further informed me about the historical standing of economics, and how key players sought to integrate the discipline in the curriculum;
- (c) Historical descriptions and analyses of the SSE written by Swedish scholars, describing its early development (e.g., Gunnarsson, 1988; Larsson, 2005), where I paid particular attention to the fundamental reasons behind the creation of the institution, namely the promotion of businessmen's social status;
- (d) Books and articles written by key economists associated with the SSE, e.g., by Assar Lindbeck and Gustav Cassell, where I was able to track the symbolic character of the discipline's cultural and social capital in terms of, e.g., the creation of the Nobel Prize in Economics;
- (e) Articles in the Swedish Economics Association's periodical *Ekonomisk debatt* with relevance to the SSE (e.g., by Eklund, 2010; Henriksson, 1979); they offered vital information on economics' historical and contemporary standing, seen as symbolic capital;
- (f) SSE publications (including websites) by economists at the SSE (see, e.g., Lundahl, 2003) with relevance to the curriculum in economics offered in modern times; these publications informed my analysis of some key cultural and social

resources related to economics, such as faculty's willingness to discuss, and relate critically to, market society;

- (g) SSE's website, focusing on the presentation of the economics' faculty and the discipline of economics that are fundamental parts of the branding of the school; here, the status of economics becomes very obvious in that it offers the school cultural and social capital in symbolic forms, e.g., by inviting key international economists that legitimize the school's academic achievements;
- (h) Internal statistics on, for example, the number of graduate courses and economics professors in relation to courses and professors in other disciplines, given to me by the SSE. This data offers an understanding of the relation between the formal and informal functions of economics; and
- (i) Data from various sources on "Nobel economics laureates", such as the website of the Nobel Foundation and the Royal Swedish Academy of Sciences respectively; statistics given to me by the Academy; and websites of laureates' respective departments, including published web-interviews with laureates.

In addition to these written sources, I interviewed current and former SSE economics faculty members and SSE economics master students, totaling eight persons. The interviews focused on their views on and experiences of the SSE, e.g., by asking specific questions regarding course structure and content and discussing their research activities. I also tried to understand the more overarching historical and contemporary roles of economics for the SSE in terms of the discipline's historical and current status, as seen by faculty and students. In addition, I attempted to systematically observe the economics department's premises in the school building and the way faculty members organized and participated in events and other gatherings. Overall, the school premises are of vital importance in understanding the symbolic role of economics at the school, e.g., illustrated by the fact that one of the streets outside the main school building in the center of Stockholm is named after one of the school's most prominent economists, Bertil Ohlin.

Overall, in analyzing 'economics as symbolic capital,' I assumed economics to be a socially and politically prestigious discipline, much like science in itself can be regarded as a prestigious and status-laden institution in contemporary society. I endeavored to track the symbolic rather than material importance of economics for the development and current status of the SEE. To this extent, I examined how economics confers value on the institution, e.g., by academically legitimizing and promoting its activities through faculty's publications in high-ranking journals, which is seen as a symbolic expression of the discipline's cultural capital. Analytically, I assumed consecration (i.e., the sanctification of the school) to be a historical process, where the institution gradually has gained recognition and prestige; a critical event was, for instance, the creation of "The Nobel Prize in Economics". I understood consecration to be a ritual process whereby actors are transformed from an 'ordinary' social status into a socially elevated one unless they were not already elevated (see Holmqvist, 2020); my primary analytical focus is on economics as a mechanism for this to take place.

**Funding** Open access funding provided by Stockholm University. Riksbankens jubileumsfond and Handelsbankens forskningsstiftelser.

**Data availability** Not applicable.

**Code availability** Not applicable.

## Declarations

**Ethics approval** Not applicable.

**Consent to participate** Not applicable.

**Consent for publication** Not applicable.

**Conflicts of interest/competing interests** Not applicable.

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