

‘Symbolic and economic violence as forms of capital: the globalising of the Scottish banking elite’.

Abstract

The recent financial crisis has raised urgent questions about the role of corporate elites in contemporary organizations and societies. The paper follows recent articles on organizational elites that argue for more critical sociological approaches to the study of organizational elites, including the use of Bourdieu’s concept of field, and studies of elites in contexts outside of North America (Zald & Lounsbury 2010; Maclean et al. 2010). We look at the particular case of the Scottish banking elite, focusing on the changing enactment of forms of violence within fields, from symbolic violence (the traditionalists) to economic violence (the modernisers) (Bourdieu, 1980). We also trace the movement of the Scottish banking elite from the national to the global, showing how members of an elite field can operate simultaneously in the field of power within their own organization and at the same time in a transorganizational field of peer-competitors.

Key words

Elite, field, Scottish banks, economic violence, symbolic violence, forms of capital

Introduction

The recent financial crisis has raised urgent questions about the role of corporate elites in contemporary organizations and societies. In this paper, we therefore look at the particular case of the Scottish banking elite and their role in the crisis, using the concept of field and focusing on the changing enactment of forms of violence within fields, from symbolic violence (the traditionalists) to economic violence (the modernisers)

(Bourdieu, 1980). The paper is positioned in response to recent articles on organizational elites in this journal, that argue for a) more critical sociological approaches to the study of organizational elites, including (b) the use of Bourdieu's concept of field; and (c) studies of elites in contexts outside of North America (Zald & Lounsbury 2010; Maclean et al. 2010).

We answer to the call from Zald and Lounsbury (2010) to extend the study of organizational elites by providing a theoretically-driven but historically-grounded case study of the Scottish banking and financial elite, what Bourdieu calls 'a special case of what is possible' (Bourdieu, 1998:2). We focus on Scotland because of the central role played in the financial crises by its financial elite, defined by Maclean et al. (2010) as 'holders of positions of command'. In so doing we address the following question: how has a specific national elite been affected by/reacted to neoliberal globalisation and the crisis of neoliberal globalisation?

Our theoretical contribution lies in further developing Bourdieu's ideas and showing their adaptability in looking at how forms of violence within an organization can count as forms of capital outside that organization. This is a contribution to organization studies and goes back to the calls cited above to study elites and their impact on organizations.

Elites and elite formation

As already noted, recent articles in this journal and elsewhere have identified an ongoing absence of critical and sociological studies of organizational elites. For example, in their comprehensive survey of the largely US-focused literature on elites, Zald and Lounsbury note 'the impoverished treatment of power and the study of elites and command posts in organizational studies' (Zald & Lounsbury 2010:983-984). To address this gap, Zald and Lounsbury recommend utilising Bourdieu's concepts as part

of ‘a reengagement with fundamental questions about elites and the organizational infrastructures they operate in and use to wield influence’ (Zald & Lounsbury 2010:964).

Of course, as Savage and Williams (2008) and Williams and Filippakou (2009) note, there is a long tradition of studies of elites and elite formation that goes back to Mosca and to Weber and includes Michels’ thesis of ‘iron rule of oligarchy’ which posits the inevitable concentration of power by elite groups (Michels, 1962) and Pareto’s theory of the circulation of elites (Pareto 1901/1991; see also Ocasio and Kim, 1999). In particular, Mills’ classic study of the ‘power elite’, which identified the links between US military, corporate and political elites is still regularly cited (Mills, 1958).

Nevertheless, as Zald and Lounsbury (2010: 963) note: ‘Since the mid-20th century, organizational theorists have increasingly distanced themselves from the study of core societal power centers and important policy issues of the day’, choosing to focus instead ‘on cataloguing the factors that influenced organizational efficiency and effectiveness’ (Zald & Lounsbury, 2010:967). In particular, writers have noted the absence of critical studies of financial elites (Savage and Williams 2008:2). There are of course counter-examples, including the work of Dobbin (1993), Scott (2008), Domhoff (2006), Greenwood *et al.* (2008, in addition to Carroll’s (2009) work on transnational corporate elites. There has also been work on Korean elites (Yoo & Lee, 2009) and on the role of elites in post-soviet contexts: e.g., Eyal *et al.* (2003) and Bozóki (2003). But Clegg *et al.* (2006: 326) note that the study of elites remains a ‘missing link between studies of power and studies of democracy’ (see also Maclean *et al.* 2010:330).

We situate this paper then in the recent resurgence of interest in sociological and critical studies of elites. Some of this literature (as Savage and Williams, 2008, note) has been inspired by Bourdieu, in particular his studies of Heidegger position in relation to philosophical field in Germany in the 1920s-1939s (Bourdieu, 1996), his study of the

French elite *grandes écoles* (Bourdieu, 1989) and his discussions of class and aesthetic taste (Bourdieu, 1979). Included in recent Bourdieusian-influenced work on organizational elites are Bennett *et al.* (2005) on cultural capital and British elites, the 2008 Special Issue of *Sociological Review* which includes Harvey and Maclean (2008) on sports in relation to French and British business elites; LeBaron (2008) on central bankers and the field of power; Williams and Filippakou (2009) on elite formation in UK education; and Bennett *et al.* (2005) on traditional and new elites.

Following on from the literature outlined above and responding to the gaps identified by e.g. Clegg *et al.* (2006) and Zald and Lounsbury (2010), we contribute to the further application of Bourdieu's conceptual framework into organization studies (Author, 2009a, 2009b), by looking at the role of specific elite and what counts as economic and/or symbolic violence for that elite. We therefore next explain Bourdieu's central concepts of field, habitus, distinction, forms of capital, and symbolic violence, as we apply them in this study.

Themes and concepts

Bourdieu's sociology has had a wide influence on the Anglophone academic world: see Hanks (2005), who provides an account of Bourdieu's reception in the US, while Robbins (2005) discusses Bourdieu's reception in the UK sociological field. Bourdieu has also influenced education studies (including educational leadership, see Lingard & Christie, 2003), sociology, international relations (see Leander, 2008), organization studies (see Golsorkhi *et al.* 2009), ethnographic studies (see Wacquant, 2005), and linguistic anthropology (see Hanks, 2005).

Bourdieu developed his repertoire of concepts or 'thinking tools' (Leander, 2008: 1) based on empirical work in Algeria, the Bearn and in Paris in order to understand and critique power in an empirical world. We do not have the space here to enter into an

extended discussion of Bourdieu's concepts and approach or to deal in any comprehensive way with his critics. We note in passing however that critiques of Bourdieu's approach include: that it is reductive, inflexible, and unable to account for change (see Lescourret, 2008). It is worth noting here, however, both how Bourdieu's thinking developed over time, especially in and after *Meditations Pascaliennes* (Bourdieu 1997) and subsequent developments by other Bourdieusian scholars: see, e.g., Lahire (1998), Sweetman (2003), Sapiro (2004), Wacquant (2005), and Hilgers (2009) in a recent Special Issue of *Theory & Psychology* dedicated to habitus. We also take note of Bourdieu's (1997: 64) counsel against the 'scholastic error' of treating explorative, theoretical concepts as empirical phenomena (see also Vandenberg 1999).

We also contribute to the recent Bourdieusian turn in organization studies, which has particularly focused on issues of power, authority and change: see, e.g., Outhwaite (2007); Emirbeyer and Johnson (2008); Swartz (2008); Kerr & Robinson (2009); Golsorkhi et al. (2009). In this study, following Zald and Lounsbury (2010) and Maclean *et al.* (2010), we use Bourdieu's concepts in order to study members of a specific elite in a particular socio-historical context and over a specific historical period. We also follow Emirbeyer and Johnson (2008), Swartz (2008) and Golsorkhi *et al.* (2009) in emphasising the benefit of using Bourdieu's concepts together as a framework, while of course foregrounding specific concepts to meet the needs of a particular study. In this case we employ in particular Bourdieu's concepts of field, symbolic violence, forms of capital, social trajectory and habitus.

A *social field* consists of 'a set of objective, historical relations between positions anchored in certain forms of power (or capital)' (Bourdieu & Wacquant, 1992:16). Bourdieu thus uses the concept of *field* to refer to a social space in which social agents are positioned and position themselves in relation to each other (Bourdieu, 1991:215). Each field has its own capital, social, cultural or symbolic, that represents what is

valued, what allows a participant in a field to gain power and position (Bourdieu, 1986). For Zald and Lounsbury (2010:967), field is concept that is particularly useful for the study of elites in that it allows for the integration of macro and micro perspectives. It also allows us to identify homologies between fields internally and external social forces and consequently examine the remaking of fields by outsiders who are able to incorporate wider social change (e.g. Heidegger, see Bourdieu 1996).

Bourdieu went on to extend the concept of field by introducing the *field of power* (Bourdieu, 1989). He does this in order to explain how 'power is concentrated in definite institutional sectors and in given zones of social space; the field of power is precisely the arena... where the relative value of diverse species of power is contested and adjudicated' (Wacquant 2005:144). In this formulation of the concept, Bourdieu is thinking about power at the level of the state. However, in *Les structures sociales de l'économie*, Bourdieu further develops the concept of the field of power in order to understand how power operates at the commanding levels of an organization ('*le champ de pouvoir au sein de la firme*'), i.e., the organizational level of corporate *dirigeants* (Bourdieu 2000:252-254). In Bourdieu's view such organizational power relations are based on physical, economic or symbolic violence. Symbolic violence is the imposition of and misrecognition of arbitrary power relations, e.g., class, race, gender, as legitimate or even natural relations (Bourdieu, 1980; Wacquant 1993). However, according to Bourdieu, overt violence, i.e., physical and/or economic and symbolic violence can and do coexist within an organization or field: see Bourdieu (1980:217-218). But the relationships between these forms of violence changes constantly, under duress, for example, or by misrecognition: for a discussion of this see Terray (2002).

In order to function effectively in a social field (Bourdieu argues), social agents need to acquire recognised *forms of capital* in order to establish their positions. Thus within each field there exists a struggle over the forms of capital that are properly legitimate within

that field and the accumulation of which amounts to *distinction* (Bourdieu, 1979). The forms of capital available in a field may be *cultural capital*, knowledge, skills and other cultural acquisitions, as exemplified by educational or technical qualifications, *symbolic capital*, i.e., accumulated prestige or honour, or *social capital*, i.e., the networks a person can draw on as a resource. Bourdieu thus argues that the capital individuals possess partly defines how well they are accepted and integrated into a particular field, their legitimacy within that field and how they are able to position themselves within it.

From this perspective, habitus can be understood as a disposition to enter and reproduce the field – and from this disposition a social agent moves to position-taking within the field (*prises de position*) (Bourdieu, 1994: 70-71). Habitus is inculcated through family background (*habitus primaire*), education and forms of experience (*habitus secondaire*) and can be identified by tracking the social trajectory of members of, or into, a particular field (Dezalay & Garth, 2002; Fourcade, 2009), i.e. through the study of ‘agent level habitus and positions of key personalities’ (Guilhot, 2004). The practical knowledge of such social agents is largely, though not entirely, ‘*inconscient*’: that is, we, as social agents, are not necessarily consciously aware of having acquired this practical knowledge, although it can be historicised and its origins disinterred. So, using field and forms of capital together, we can provisionally identify the ethos or generic habitus of a social field, such as the one in question in this study (Bourdieu, 1991; Hilgers, 2009).

Data and methodology

We define ‘elite bankers’ in the first instance relationally as those occupying dominant positions in the field of power within the internal hierarchy of a banking organization. Bourdieu calls these ‘a small number of exemplary individuals who combine all the properties and all the titles that confer membership rights’ (Bourdieu, 1996: 316). In this case, these are the chairmen, CEOs and in the case of the BOS, Governor and Treasurer

of the banks. We identify the social trajectory of specific and named social agents and by so doing (1) identify changes in the field of power within the organization, i.e., changes in ethos; (2) identify changes in the way that an elite is disembedded from a national field and integrated into a transnational field; and (3) identify changes in the forms of domination that shift from symbolic violence to economic violence.

In this paper we focus on periods of crisis. This is for two reasons. First, crises offer opportunities to observe elite reconfiguration that may lead to ‘new or significantly altered regimes’ (Dogan & Higley, 1998:3). In addition, existential crises offer outsiders the chance to glimpse what is going on within the organization. In particular, crises, when the old way is held to be – or is – unsustainable - are often times when critical voices can be heard. This means that data may be more easily collected both from participants, who are no longer subject to symbolic or economic violence, and in the press at such times of crisis.

In this study, then, we present a theoretically-driven but historically grounded case, which allows us to “‘excavate the social conditions of possibility’” in real world contexts’ (Leander, 2008: 20). When taking this approach, Leander goes on to note, ‘the context defines what is relevant’, so, as a logical consequence ‘there can be no firm guidelines to what kind of material is useful for the analysis’ and therefore ‘the exact evidence that needs to be mustered will vary’ (Leander, 2008: 12). This means that ‘depending on their exact research focus, studies include things as diverse as statistical data, biographical CV information, photographic evidence, works of art or literature, analysis of classical texts, archival research, public speeches, newspaper clippings, or interviews’ (Leander, 2008: 12). For Bourdieu, an approach via secondary sources may be necessary in dealing with fields of power from the outside (Bourdieu, 2007: 22).

We therefore draw on sources in the public domain that are relevant to the context we are researching. Our data consist of a corpus of contemporary sources from the public domain that relate to the Scottish banks in the period 1999-2009. This corpus includes academic articles and articles from the UK financial press and from Scottish newspapers that narrate, describe and comment on the evolution of the Scottish banking sector, its leaders and its crises. In addition, we draw on the searchable online *Who's Who 2009* (Oxford University Press, 2009) for details of the social/biographical trajectory of the Scottish banking leaders (for similar uses of biographical data see Lebaron, 2008, Williams & Filippakou, 2009).

As already noted, the field under study here is that of the Scottish banking and financial elite. In order to construct a relational biography of this field we draw methodologically on Bourdieu (1986, 1996, 1998) and on the Bourdieusian approach of Dezalay and Garth (1998, 2002). According to Dezalay and Garth (2002:9-10), 'biographical accounts of individual choices and career strategies... reveal the hierarchical structures and institutions in which the individuals and groups operate'. Using this relational approach and drawing on publically-available sources, we can then trace the social trajectories of individuals and reconstruct the field as it mutates from a semi-autonomous national field to a transnational field of elite bankers (Bourdieu, 1998). So in following the categorisations in Bourdieu (1998), we can identify a concomitant change in the Scottish banking elite that replaces the *moderates* or 'old guard', i.e., proponents of national closure and the protection of localised interests, with the *modernisers* or insurgents, who aim to open up the relatively closed national field to the forces of transnational capital and its practices (Bourdieu, 1998; 2000).

This historical/relational approach allows us to trace how the field of elite banking in Scotland mutated over a period of 30 years. First, under pressure from external forces,

the field mutates internally, then in its relation to the British financial field, centred on the City of London, and finally in relation to the globalising field of transnational banking and finance. Each of these fields can then be understood as ‘a symbolic terrain with its own networks, hierarchical relationships, and expertise, and more generally, its own rules of the game’ (Dezalay & Garth, 1998:16). The procedure that we follow involves identifying trajectories and relating these to social change, in this case a move from an ethos of noblesse oblige understood as symbolic violence to a more overt ethos of economic violence. Our distinct methodological contribution then is to draw on the press and biographical sources in order to help people looking in as outsiders – using Bourdieu’s concepts as thinking tools in performing a kind of ‘social Kremlinology’ of the kind practised by scholars in order to study the opaque elite of the Soviet Union .

Our findings are presented as provisional indicators, taking the form of ‘conditional totalizations’ (Bourdieu 1991): i.e. that is, ‘by generalizing a theoretical opinion which, for lack of an ability to develop the empirical grounding that it needs, remains limited to the formulation of hypotheses’ (Hilgers 2009:732). In this study, then, we focus on the relationship between the two main Scottish banking organizations. These institutions are the Bank of Scotland (BOS) and the Royal Bank of Scotland (until 1991 ‘The Royal Bank of Scotland’, then ‘RBS’). Before turning to the banks themselves, we next discuss the historical position of banking in the development of Scottish society.

The context of Scotland

Scotland is a ‘historic’ nation, but not a wholly independent or fully-developed *nation state* (Bogdanor 1999; Williams 1996). This is because, although the political union of Scotland and England (1707) brought together two politically independent nations under a parliament in London, Scotland retained a national identity based on ‘a relatively autonomous civil society’ (McCrone 2005:68; see also Livesey, 2009). In

constructing and reproducing Scotland's 'historic' national cultural identity, a powerful role was played by certain 'nodal' institutions (Sewell 1999). These include the Church of Scotland, the legal and educational systems, the media, and the financial institutions. The Scottish financial sector can therefore be seen as one of the elements that constitute an independent Scottish identity.

Traditionally, the Scottish financial sector has traded on a reputation for prudence and a suspicion of risk-taking. We can trace this back to the Scottish post-Union settlement, which was based on the ascendancy, after years of religious turmoil, of the 'Moderates', the socially and politically conservative Presbyterians, at the expense of the more revolutionary Presbyterians and the Jacobite-supporting Scottish Episcopalians. The Moderate Presbyterian worldview was based on the dominant values of 'prudence, stability and moderation' (Kidd 2007a:108), supporting a tacit social agreement to 'coexist civilly' (Skoczylas 2008). Presbyterian moderation also facilitated a focus on trade (Skoczylas, 2008), although the benefits of trade were to be attained through moderation and prudence, rather than through the risk-taking of the disastrous Darien Scheme (1698-1701), a doomed pre-Union attempt, supported by the more radical Presbyterian ministers (Davie, 2001), to set up a trading colony in Central America in competition with English colonialism.

In considering the development of Scottish post-Union civil society, we can identify a social tension between revolutionary Presbyterianism and Moderate Presbyterianism and also a tension between both of these and the romantic conservatism of the Episcopalian Jacobites. However, according to Brown (1987), the values of Moderation and Episcopalianism were soon to grow closer: the Scottish elites were 'increasingly English oriented' (Brown 1987:16; see also Davie, 2001). Thus, 'large numbers of the aristocracy and gentry remained loyal to a Church (the Episcopalian) which grew closer in doctrine and temper to the 'high church' wing of the Church of England' and could

be seen as ‘the landed classes at prayer’ (Brown 1987:2), while the Moderates also ‘enjoyed the patronage of the rural landed classes’ (Brown, 1987: 16).

In social trajectory, there was a trend amongst the Scottish social elite towards conformity with England, with sections of the elite abandoning the Scottish universities for ‘the English-style residential school and the older English Universities’ (Davie 1981: xix). Thus the trajectory of the Scottish banking elite was one in which there were ties with the English elite, through shared public schools, universities and sporting pursuits. We next discuss the social trajectory of the traditional Scottish banking elite.

The Scottish banking field before 1990

Before 1990 the senior management of the Scottish banks was dominated by an ‘old guard’ of traditionalists, moderate in ethos and conservative in outlook (Saville, 1996). The field could be characterised as one of gentlemanly bankers and *noblesse oblige*: that is, a regime in which the mode of domination was symbolic violence. There were two main social trajectories into the field. The first route was the Anglo-Scottish route, following a social trajectory from a Scottish independent preparatory school to an English ‘public’ school, then Oxbridge, and a period of military service (Appendix 1). As Fourcade (2009) notes, social distinction in England has been traditionally attained through ‘social class and passage through an elite educational institution’, plus the cultivation of ‘interpersonal networks’ rather than through formal qualifications *per se* (for the ethos of traditional ‘gentlemanly capitalism’ in England, see Buchan, 2003; Mutch, 2006). These elite institutions – the public schools, Oxbridge, the armed forces - can be seen as inculcating a sense of *noblesse oblige* or ‘public spirited elitism’ in social agents (Bourdieu, 1989; Fourcade, 2009: 33) and the social trajectory of the elite bankers reproduced this disposition in the Scottish context.

Key exemplars of this traditional trajectory are Bruce Pattullo, Governor of the Bank of Scotland, 1991-1998, and Michael Herries of the Royal Bank. Pattullo's trajectory included Belhaven Scotland Hill School (an Edinburgh private school), Rugby (English public school), Oxford (Hertford College) and then the army. Herries also followed this traditional Anglo-Scottish elite trajectory, educated at Eton and Cambridge (Trinity), followed by army service, with a detour as *taipan* of Jardine Matheson in Hong Kong. Pattullo's and Herries' leisure activities included those of the traditional Scottish landed elite, such as shooting (Herries) and hill walking (both). Both were members of the elite Caledonian and New clubs in Edinburgh, thus promoting a homogeneity of social capital (see Wacquant 2002: 139).

This old guard of gentlemanly bankers embodied the traditional 'Scottish' banking values of prudence, propriety, caution, discretion, and 'a highly sceptical view of fashion' (Capie, 1996; Saville, 1996). Thus, according to George Graboys, CEO of the Rhode Island-based Citizens Bank:

'Sir Michael (Herries) was an honourable man and we shared the same values about prudence in banking. This was part of Scotland's reputation' (Kemp, 2011).

This old guard can then be seen as moderates: their traditional approach to banking, their shared ethos, has been characterised as 'sticking to the knitting' and 'don't bet the bank' (quoted in Saville, 1996), i.e. avoiding speculation and risk. The long-term strategy of this group was to protect Scottish banking independence, particularly from the City of London, through a focus on the long term, on building local communities and developing local Scottish human capital (according to Saville, 1996).

After the 1980s this situation dominated by an ethos of moderation changed. There were interrelated changes in trajectory and field, a new articulation of 'Scottishness' as modern and capitalistic (Kidd, 2007b): a new generation of insurgent modernisers

entered the field, replacing the noblesse oblige ethos with first, an Americanising modernity and then a competitive 'eat or be eaten' version of capitalism (Braudel, 1992). In this move, symbolic violence as mode of domination was replaced by a more overt form of economic violence within the banks as organizations. In drawing out the tension between moderate Presbyterianism and revolutionary Presbyterianism, we are stuck by the way in which the victory of moderation seems to replay itself in reverse in the banks in the late 20th Century, in homology with Thatcherite reforms in UK the UK economy and society.

The first crisis: Insurgency in the Royal Bank of Scotland (1992).

The environment in which the UK banks operated changed in the 1980s. This was in the context of Thatcher's ideological revolution (Hall 1988), which challenged traditional establishment authority, the old Tory elite, in favour of 'meritocracy'. There was the 'Big Bang' deregulation of the City in 1986 which permitted commercial banks and investment banks to operate together in one institution and the UK Financial Services Act (1986), which deregulated the British financial services industry, allowing building societies to demutualise and compete with the established banks for custom (Ingham, 2004; Brender & Pisani, 2009). This period also saw the end of the 'gentleman's agreement' by which the Scottish banks were largely confined to Scotland in return for the English banks staying out of Scotland (Saville, 1996). Although RBS maintained a presence in England through its Williams & Glyn subsidiary, this was absorbed into RBS itself in 1985. There was a homologous change in the ethos of the banking field in Scotland, which involved a turn away from the old Anglo-Scottish elite formation to an Americanised managerialism (Carroll 2009).

In this changed financial environment the traditional old guard of the Royal Bank was seen to be 'out of touch' by the bank's new CEO, George Mathewson. Mathewson, who became CEO in 1992, came from a non-elite background (see Appendix 1), with

degrees in maths and physics from Dundee, not then a university in its own right, and an MBA from a US college. In the US Mathewson acquired, via the aerospace industry in the US and then oil in Scotland, the cultural capital of the transnational general manager who could then import 'modern' US management ideas into what he considered the 'dependency culture' of 'traditional' Scotland.

In order to succeed in his insurgency and consolidate his position as CEO Mathewson needed to overthrow the old guard. In order to succeed in this, he required the support of the Chairman. This was 'Gentleman George' (Viscount) Younger, who, while a traditional Tory was also a member of the radical, neoliberal Thatcher government. In the overthrow of the old guard, Younger played the part of the conservative revolutionary, supporting the modernising Mathewson. The modernisers' plan, codenamed 'Nova Reda' (Oram & Wellins, 1995:45) or 'Nova Rada' (Treanor, 1999), had as an aim, according to Mathewson, the destruction of the regime of the 'feudal banklords' by means of a sudden overnight coup, 'a revolution, a putsch, total change', destroying the 'fiefdoms' on which members of the old guard based their power within the bank (Jamieson & Flanagan, 2005).

This displacement of the Royal Bank's old guard by Mathewson and Younger was followed by a revolution from above, code-named 'Project Columbus', 'a major re-engineering project'. An important role in disseminating American-style organizational models is played here by the 'shadow elite' of management consultants (Wedel, 2009), including in the case of RBS, McKinsey, IMB, and Arthur Anderson, who were brought in to recommend 'total' change, following the then fashionable US management ideology of Business Process Re-engineering (BPR's best known proponents are Hammer and Champy; see Hammer & Champy, 1993). Project Columbus had the 'aim of revolutionizing the entire bank' (Currie & Willocks 1998:140). The bank's operations were centralised, removing lending decisions from local branches (McConnell, 2006) and converting staff, who all had to reapply for their redesigned

jobs, into salespeople. The bank's name was changed to 'RBS', one of the indicators of a corporate shift away from the local in anticipation of globalisation: we can see the same process happening with the renaming of British Petroleum as 'BP' and British Airways as 'BA'.

Project Columbus was run by a revolutionary 'in-group', 'the change management group', also known as 'Columbites'. The leading Columbites were outsiders within the bank. These were: Tony Schofield, an Englishman who had joined RBS via the absorption of Williams and Glyn's Bank, and Cameron McPhail who had followed Mathewson from the Scottish Development Agency, a key network by means of which members were able to build social capital within Scotland independently of the old guard's networks. Like Mathewson, McPhail had no banking experience, although this was thought to be an advantage in that outsiders would be free of traditional received opinion and practices (Oram & Wellins, 1995:95). Indeed, as Rowlinson *et al.* (2006) point out, it may be in the interest of generalist managers that the organization's dominated cadres do not possess specialist knowledge (Rowlinson *et al.*, 2006: 697).

The second crisis: the UK banking field (2000)

Following 'modernisation', the strategy of both the RBS and BOS was to expand out from the Scottish banking sector by acquiring a major English Bank. This was in order (1) to establish domination in Scotland and then (2) to position the bank so that it could 'play the global banking game' (Warner, 2006). The first potential target, Barclays, was ruled out by the English financial establishment (Observer, 2001). The next target, the NatWest, was considered an acceptable target by the City of London establishment.

The struggle for the NatWest was represented in the UK media as being a struggle between Mathewson, CEO of RBS, and Peter Burt, Governor of the BOS (see, e.g.,

Warner, 2006). Both of these leaders had a similar social trajectory into the elite field (see Appendix 1). Both were educated at Scottish schools and universities, worked for a period in the US and gained MBAs from US business schools. They also were given knighthoods by New Labour governments. There are, however, some differences in their social and cultural capital, Burt being somewhat closer to that of the traditional elite in that he was educated at a Scottish private school, while Mathewson went to Perth Academy, which was then a 'senior secondary school,' i.e. a selective state school, and then St Andrew's, the oldest Scottish university, superior in cultural capital to Dundee. In addition, Burt's MBA was from the highly-rated Wharton, superior in cultural capital to Mathewson's Canisius College.

Burt then was embedded in the social networks of the traditional Scottish elite, an insurgent who could present himself as a traditional insider. In contrast, Mathewson displayed the habitus of the outsider: he would not 'call himself a Scottish banker' but as a manager according to Goodwin (quoted in Garfield, 1999); and as a Scottish National Party supporter did not fit the traditional banking field in England, displaying a kind of Scottish *ressentiment* vis-à-vis the City: he is reported as feeling that he had 'never quite got the recognition he deserves in the Square Mile (the City of London)', where Burt possessed more distinction: his social and cultural capital was higher (Garfield, 1999).

However, Mathewson, supported by Younger and by his Deputy, Fred Goodwin, defeated the BOS. The RBS bought the NatWest and established unchallenged dominance in the Scottish field. The BOS had lost symbolically in the struggle. In the aftermath, Burt negotiated a 'merger' with the English bank, Halifax, the merged entity becoming HBOS, for Halifax Bank of Scotland, in Sept 2001. The BOS had given up its independence. As Hugh Young, one of the BOS old guard, stated, 'Scotland and the Mound', i.e., the BOS HQ, were no longer 'the centre of gravity', power had moved to the Yorkshire-based Halifax (Donald, 2009), with a subsequent loss of Scottish identity that was felt within the bank's branches (Hearn, 2007).

Two years later, Burt resigned as head of the BOS, to be replaced by George Mitchell, a 'bootstrap boy', school-leaver at 16, while Peter Cummings, another school leaver at 16, became Director Corporate Lending. These were the BOS's dealmakers, while the 'sales-oriented' Halifax controlled the senior positions on the board (Hearn, 2007).

The third crisis: The field as transnational (2007)

A key planning role in the NatWest takeover had been played by Fred Goodwin, Mathewson's 'trusted lieutenant' (Warner, 2006). In 2001 Goodwin took over as CEO of RBS. He was at that time both the youngest CEO of a FTSE 100 company and the 'best banker in the world' (Reid, 2007). Meanwhile, Mathewson became chairman of RBS and remained in that post as Goodwin's mentor until 2006. In an increasingly transnational context, Goodwin pursued a strategy of expansion through acquisition, so that by the mid-2000s RBS was, after HSBC, the second biggest UK bank. In 2006 Goodwin's strategy of expansion was criticised by RBS shareholders and by the City of London, where Goodwin was accused of 'megalomania' by James Eden of Exane BNP Paribas. In response to these criticisms, Goodwin ruled out further takeovers (Kollewe, 2005).

So why, in order to pursue ABN Amro, the biggest bank in the Netherlands, did Goodwin go back on this commitment to consolidate the bank's position and avoid further acquisitions? First, Barclays were at this time attempting to take over ABN Amro. Success would mean that Barclays would move ahead of RBS into second place in the UK banking field. There was also the need to position RBS in the transnational field, particularly within Europe. Goodwin, in partnership with the Belgian bank, Fortis, and Banco Santander, Spain, therefore entered into competition for ABN Amro.

In the battle for position in the transnational/European field there was a replay of the BOS-RBS/incumbent vs pretender/insurgent struggle. This time the contestants were

Barclays and RBS, competing to challenge HSBC for dominance. RBS was the Scottish outsider, while Barclays was one of the preferred banks of the English elite (Willock, 1993). The CEO of Barclays was John Varley, whose trajectory of public school and Oxford was that of the 'gentlemanly banker', converting the social capital acquired through marriage into the Quaker Pease family, Barclays being originally one of the Quaker banks, and the Pease family maintain a strong influence on the bank (Mathias, 1969).

In contrast, Goodwin was educated in Scotland, upwardly mobile, educated at fee-paying Paisley Grammar school and then. he was the first of his family to go to university, at Glasgow University. After university, he operated as an accountant and management consultant and was involved in the privatisations and liquidations of the Thatcher period. His reputation had been made in takeovers and cost cutting, while Varley was believed to lack the 'toughness' of Goodwin.

In October 2007, the RBS-led consortium won, paying £49 billion (80% in cash) for the Dutch bank (Lanchester, 2009). However the international financial system was already on the edge of disaster (Brender & Pisani, 2009; Lanchester, 2009). In October 2008 the stock market collapsed and the money markets 'froze'. In the changed environment, ABN Amro was considered to be 'overvalued' and loaded with toxic debt. Goodwin, apparently obsessed by the pursuit of ABN Amro in a deteriorating economic climate, also missed problems of 'toxic assets' and bad debt in RBS itself (Lanchester, 2009).

In January 2009, RBS posted the largest loss in UK corporate history, which was followed by a UK government bailout and part-nationalisation. Meanwhile, HBOS, also weighed down with toxic assets and risky investments, many made by Peter Cummings and his 'bank within a bank', was forced by Gordon Brown to merge with Lloyds Bank¹. In the aftermath of the banking crisis, both Goodwin and Tom McKillop, who had replaced Mathewson as Chair, resigned. At HBOS, the Chair Lord Stevenson

resigned, Cummings resigned and the top Halifax leaders Crosby and Hornby also resigned.

Discussion

Using Bourdieu's conceptual framework we identify a homology (1) between the old guard ethos of *noblesse oblige* and the moderate Conservative ethos of the post WW-II UK social settlement: for example Prime Minister Harold Macmillan. Then we identify (2) a further homology between the revolutionary ethos of the Thatcher period that replaced the post-war consensus and the ethos of the US-trained managerial insurgents within the elite banking field. Under the old guard, the Scottish banks can be imagined as a paternalistic and conservative family, reproducing a local Scottish identity of prudence and caution, both as external image ('trust us') and as internal bank culture (Hearn, 2007). But this traditional ethos of the moderate Scottish Protestant banker comes to be seen as 'old-fashioned', no longer adapted to the field as it mutated into a more globalised social space. The new managerial disposition includes a preferential turn to the US for business practices and ideas: for example, Mathewson's and Burt's MBAs from US institutions and the symbolically named 'Columbus Project' in which RBS 'set sail' for a new business world. Similarly, in France Bourdieu notes a similar process, with the '*patronat intégriste*' being replaced by the '*patronat moderniste*²', with its latest management techniques ('*dernières techniques du management*') imported from the United States (Bourdieu, 1979:358).

Because they have no investment in 'the traditional culture of banking' (Fincham, 2000:186), such modernisers can form 'an enlightened avant-garde, able to conceive, desire, and direct the change necessary' (Bourdieu 1979:319). They are then able to revolutionise the organization, in the RBS case by 'transforming the branch structure into something nearer a series of sales outlets' (Fincham, 2000:186) and 'replacing all-purpose branch managers with specialists in customer service' (Fincham, 2000:185). So

in the modernised bank, staff are transformed from professional advisers embedded in the community into salespeople with sales targets to meet, as evidenced by the ‘cabbage and cauliflower’ approach to motivation in BOS where staff who failed to meet sales targets had a vegetable placed in public view on their desks (see Scott, 2005).

This change in elite composition is linked to changes in what capitals count in the field: i.e., what counts in Scotland is no longer the elite cultural capital acquired in England - the shared British elite formation - but a post-Thatcher ‘meritocracy’ of Scottish management generalists, MBAs, cost cutters and risk takers, many formed by Thatcherite practices such as privatisation: this is Goodwin’s trajectory. Within RBS itself Goodwin’s domination was maintained by economic violence. The RBS’s internal culture has been characterised as a ‘culture of fear’, specifically by 200 senior staff on an away-day in 2001; to which the 6ft3 Goodwin responded, ‘you’re not afraid of little me’ (as recounted in Dey & Walsh, 2009). There were for example rituals of humiliation when managers, watched by Goodwin, had to give karaoke performances. In particular the morning management meetings, known as ‘morning prayers’ or ‘morning beatings’, were used in this way (Dey & Walsh, 2009). This ritual of humiliation applied in particular to Goodwin’s treatment of Johnny Cameron (CEO Corporate Markets, 2006-2009) whose trajectory was that of an old Scottish aristocratic and army family (Harrow, then Oxford), and who is reported to have been a particular victim of Goodwin’s attacks. In relation to Goodwin, Cameron was the dominated subordinate, thus reversing the ‘old’ elite order of dominant/dominated.

This overt economic violence was then translated into the capital that Fred Goodwin would use of assert his dominance within the RBS’s internal field of power and then, in the struggle with Barclays, to manoeuvre within the transnational field of elite banking. Goodwin’s reputation for economic violence also counts as symbolic capital. So we have nicknames such as ‘Fred the Shred’ (Koenig, 2003), or ‘the pacman’, after an early

computer game in which the ‘pacman’ moved around the screen eating everything in its way, and claims that Goodwin can ‘rip out costs and drive through efficiencies’ (Dey & Walsh, 2009). This reputation for economic violence counts as capital both externally, e.g. within the City of London, and internally, within the RBS’s own internal field of power. Externally, this reputation for economic violence contributed to Goodwin’s getting the RBS job and then to the City’s backing him over the ABN Amro takeover.

As we have noted, the relationships between forms of violence changes constantly: under duress, for example, or by misrecognition: for a discussion of this see Terray (2002). In the banking field, the insurgent modernisers replace the moderate old guard. The old guard’s *noblesse oblige* form of symbolic violence, the ‘collective bad faith through which the group conceals from itself the very foundation of its existence and its power’ (Bourdieu 1979: 318), is replaced by a regime of overt economic violence: i.e., ‘economic agents who live by the plain unvarnished truth of economic relations... people who are incapable of putting into these relations enough bad faith to conceal, to themselves as to others, their truth’ (Bourdieu, 1979: 318).

This means that there is a reconfigured elite field, with an ethos of economic violence and ‘eat or be eaten’ competition. But this is one in which, by focusing on elite competition, elite members risk becoming detached and disconnected from their own organizations. This is what seems to have happened with Goodwin (Askeland, 2008) and also at HBOS, where the senior management lost track of the loans made by Peter Cummings’: ‘operationally (Goodwin) wasn’t in control’ (Independent, 2009). In addition, in the case of Goodwin, the replacement of Mathewson as Chair by Sir Tom McKillop seems to have removed the restraint provided by Mathewson as Goodwin’s mentor.

Now (2010-2011), as post script, we may be able to detect a homology between the new banking leadership and the new political era in the UK, following the general election of

2010: namely a restoration of the traditional elite. The new CEO of RBS was Stephen Hester, with a degree in PPE from Oxford, depicted in the press riding out in the uniform of a Master of Foxhounds. Hester's background is one shared with the coalition government leaders, David Cameron, George Osborne and Nick Clegg: i.e., a shared public school/Oxbridge trajectory.

Conclusions

In the introduction to this paper we posed the following question: how has a specific national elite been affected by/reacted to neoliberal globalisation and the crisis of neoliberal globalisation? In answering this question, we make two main contributions to studies of elites. Our substantive contribution is to trace the movement of the Scottish banking elite from the national to the global, from small nation banking institutions to transnational organizations. Our contribution in this area answers the call for contextualised studies of specific elites.

In doing this we looked at Scotland as a specific case of a 'historic' nation without a state, a national identity constructed around institutional nodes such as its financial institutions. The role of the banks in reproducing a valued national self-image might help to explain the emotional investment that many Scots placed in the independence and probity of the banks as national institutions and thus the disappointment felt and expressed at their failure, seen as it was as a kind of national and moral betrayal (Kemp, 2011).

We also note the role played by insurgent outsiders: compare the way the financial crisis has played out in Iceland (Wade & Sigurgeirsdottir, 2010) or Ireland (Regling & Watson 2010). One thing is different: the UK government was able to bail out the Scottish banks, whereas with Ireland and Iceland the banks were bigger than the national

economies. However, the effects of the bank bail-out continue to be felt in this period of ‘austerity’ in the UK: elite manoeuvres and battles can have serious consequences for ordinary people and organizations: taxpayers and SME owner-managers, for example, who are unable to get loans.

Our theoretical contribution is made in furthering the application of Bourdieu’s framework to the study of organizational elites. We do this by showing how an ‘old guard’ is challenged and replaced by a new corporate elite of insurgents. Thus, before symbolic violence can be recognised as a form of capital by other members within the same field, it must first be established as economic or symbolic violence in the internal field of power of the organization. This means (1) that a regime of symbolic violence may be replaced by a regime of economic violence. This also means (2) that economic violence can be interpreted as symbolic violence, depending on the perspective of the interpreter. So within the organization, violence may be symbolic in that it is misrecognised, for example, as an emotional relationship or as ‘charm’, or it may be economic, i.e., it is a kind of violence which is recognised as such but submitted to for brutal economic reasons. Further, from a perspective within the elite field but outside the organization, symbolic violence and/or economic violence can count as a form of capital. Thus members of an elite field may operate simultaneously in the field of power within their own organization and at the same time in a transorganizational and increasingly transnational (Sklair, 2001) field of peer-competitors. Symbolic violence is then a means of distinction within that field (Bourdieu 1997: 126-127), is recognised as a form of capital and counts as such.

In many ways, this paper is exploratory: we use the concepts to try to work out what has happened and how it has happened as an important contribution to a growing body of literature and a first step towards a wider research programme. We therefore concede the need for more empirical data. In addition, this outsider account raises, we think, further

questions. In particular, what was the lived experience of those insiders who worked in the banks and how did they understand, e.g. Mathewson's or Goodwin's leadership? How might these be researched? What is the phenomenology of domination? How might such accounts be accommodated within a Bourdieusian analysis? Then at a more global level, in the struggle between the post-Westphalia states and neoliberal capitalism, are the nation states increasingly like Scotland, i.e., 'historic' in the sense of possessing nodal national institutions but increasingly hollowed out as states by the power of transnational capital? Given the power and influence of financial elites both in small countries and transnationally, studies of such elites that employ Bourdieu will we suggest, help us to reconnect and engage with these vital issues of 'power, authority and domination' (Zald and Lounsbury, 2010: 963).

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Appendix 1

Social trajectories of Scottish banking senior leaders

Bank of Scotland: 1980-2007

<u>Name</u>	<u>Date & place of birth</u>	<u>School</u>	<u>University</u>	<u>Military service</u>	<u>Joined bank</u>
Sir Thomas Risk BOS 1981-1991	Glasgow	Kelvinside Academy	Glasgow Uni (Law)	RAF 1941-46	1981 from solicitors
Sir David Pattullo 1991-1998	1938, Edinburgh	Belhaven Hill, Rugby	Hertford College, Oxford	Royal Scots, Queen's Nigeria Regiment	1961
Sir Matthew Alistair Grant 1998-1999	1937-2001 Louth, Lincolnshire	Woodhouse Grove School	Unilever: management trainee	National Service: Royal Signals	Argyll Group (Supermarkets)
Sir John Shaw 1999-2001	1932	Strathallan School (independent)			
Sir Peter Burt 2001-2003	1944, Kenya	Merchiston Castle	St Andrew's, MBA Wharton, USA		1974
George Mitchell 2003-2006	1950, Edinburgh				Joined bank as school leaver
Dennis Stevenson, Baron Stevenson of Coddendam 2006-2007	1945	Edinburgh Academy; Trinity College Glenside	King's, Cambridge		Chair of Halifax at the time of the merger

[Based on the searchable 'Who's who': OUP, 2009

Royal Bank of Scotland, 1980-2010

Michael Herries, Chairman, 1978-1991	1923 Dumfries and Galloway	Eton	Trinity Cambridge	King's Own Scottish Borderers 1942-47	1972 (from Jardine Matheson, ex-Tai Pan)
Charles Winter					

Sir George Younger (Viscount Younger) Chair RBS 1990-2001	1931, Stirling, Died 2003	Cargilfield (Edin), Winchester	New College Oxford (Mod History)		1989 (from Cabinet, Scottish Sec then Sec of Defence)
Sir George Mathewson Chief exec RBS, 1992-2000, Chair 2001-2006	1940, Dunfermline	Perth Academy	St Andrew's Queens College, Dundee (Maths, Applied Physics) 1964, Canisius (Jesuit) Coll., Buffalo, NY (MBA)		1987, from SDA
Sir Fred Goodwin, Dept CEO 1998-200, CEO 2000-2008	1958, Paisley	Paisley Grammar	Glasgow (LLB), Chartered Accountant (1983)		1998 from Clydesdale
Sir Tom McKillop, RBS Chair 2006-2008	1943, Dreghorn (Irvine)	Irvine Royal Academy	Glasgow Uni (Chemistry), PhD 1968 Centre de Mécanique Ondulatoire Appliquée, Paris		From ICI, 2000
Stephen Hester	1960, Ithaca, new York	Easingwold Comprehensive, N. Yorkshire	Oxford: PPE, member of the Troy Reform Group		British Land

[Based on the searchable 'Who's who': OUP, 2009

¹ This merger/takeover was opposed by the old enemies Burt and Mathewson (supported in this by Scottish PM Alex Salmond, a former RBS economist), but the political decision to merge had been taken in London (possibly in order to thwart the SNP's ambitions to expand the independent Scottish financial sector).

² *Patronat* translates into English as 'employers'. However, while *patronat moderniste* can be translated as 'modern' or better 'modernising employers', *patronat integritse* contains an analogy with religious *integrisme*. *Integrisme* is normally translated into English as 'fundamentalism'. This is however a notoriously inexact equivalent of *integrisme* which does not imply a return to fundamentals, but rather a focus on essential values. In the present context we suggest that 'traditional employers' will have to do.