

The Private Gains of Public Office? Corporate Networks and Rewards of former High Public Officials in Britain

Sandra Gonzalez Bailon, Oxford Internet Institute, University of Oxford
(sandra.gonzalezbailon@oii.ox.ac.uk)

Will Jennings, School of Social Sciences, University of Manchester
(will.jennings@manchester.ac.uk)

Martin Lodge, Department of Government, London School of Economics and
Political Science
(m.lodge@lse.ac.uk)

Abstract

Rewards for high public office are at the heart of politics and public life. One of the central concerns of such studies is the nature of financial rewards for former public officials after leaving public service. This paper considers one critical aspect of post-career earnings: membership of corporate boards among former politicians and civil servants in Britain. It addresses three questions: who obtain post-career rewards in the corporate world after time in high public office, how well connected and remunerated are they in the network of interlocking directors, and do these former politicians and bureaucrats together constitute a distinct political class within the corporate network? The analysis uses data on corporate rewards in Britain for more than 700 companies listed on the London Stock Exchange and information on over 7500 directors and 1000 former high public officials. The results from network analysis of interlocking directors on corporate boards suggest that members of the political class are better connected in this elite network, but receive significantly lower compensations, even when controlling for industry sector, experience and board role. While social class and educational backgrounds are known to be important in sociological analyses of corporate networks, the influence of time in public office has not yet been considered; by filling that gap, this paper offers novel insight into interconnectedness of the public sphere and the corporate world.

1. Introduction

Rewards for high public office are at the heart of politics and public life. The salaries, allowances and other perks of high office are a recurring topic of interest in a wide range of social and political settings. There has been substantial comparative analysis of such reward patterns across different countries (Hood and Peters 1994; 2003; Hood et al. 2001). One of the central concerns of such studies is the nature of financial rewards for former public officials after leaving public service. What sorts of position do politicians and bureaucrats take up – in the public or the private sector – at the end of their time in office? How much value can these former public officials extract, either through their professional expertise or through more informal contacts acquired from a lifetime of public service? The character of these post-career rewards is of general interest regardless of the specific timing or circumstances of this exit from office – such as through scheduled retirements, the premature termination of political careers, or as part of the natural cycle of electoral politics.

This paper considers post-career rewards in corporate directorships of former high public officials in Britain. It argues that those individuals who possess the greatest amount of political, educational and social capital are most likely to gain access to rewards in the corporate world. While social class and educational backgrounds are known to be important in sociological analyses of corporate networks, the influence of time in public office has not been considered so far. The pattern of post-career migration offers potential insight into interconnectedness of the public sphere and the corporate world. In particular, the paper analyses the degree to which former high public officials are represented in the network of directors on boards of listed companies in the City of London, their degree of connectedness compared with other corporate directors, and the level of financial remuneration received for fulfilling this role.

The analyses that follow seek to determine whether certain career attributes – such as departmental background, seniority and political affiliation – are associated with greater rewards in the corporate world. It generates essential insights on the nature of the connection between high public office and the world of high business. It applies network analysis methods to a dataset of corporate directors that covers up to 98% of the capital value of companies traded on the London Stock Exchange. The aim is to address three main research questions: first, to what extent are individuals who once served in high public office represented in this corporate network? Second, how well connected are former high public officials and what level of remuneration do they receive for directorships? And third, within the context of the corporate network does this group constitute a unified political class of former politicians and bureaucrats with positions and rewards that are distinct from other directors? The analysis also provides insight on specific characteristics of post-career rewards, for instance the extent to which directors in the political class are associated with greater rewards, variations in patterns of rewards observed for former ministers and bureaucrats, and the effect of departmental background on corporate rewards and network position.

The paper proceeds in four steps. First it outlines the importance of private rewards gained after a career in high public office, noting the interlinked relationship between government and business in Britain and elsewhere. Second it introduces the concept of interlocking directorates to map the migration of former high public officials to the

corporate world. Third it describes the dataset on which the analysis is based; the database contains information on more than 1000 former high public officials who served in British government or Parliament at some time between 1970 and 2008 and more than 7500 directors and 700 companies. Fourth it presents results on post-career rewards that reveal (a) the degree to which individuals who once inhabited high public office are represented within the network of corporate directors, (b) the connectedness and compensation of the former politicians, cabinet ministers and bureaucrats who sit on corporate boards, and (c) differences of the positions and rewards of the political class compared with other directors. The analysis considers the effect of specific attributes – e.g. departmental background, political affiliation and seniority – on connectedness and the level of remuneration. A discussion of the implications of the analysis concludes this paper.

2. High Public Office, High Business and Lifetime Rewards

The post-career opportunities or lifetime rewards accrued after periods of service in government – whether in politics or bureaucracy – is of consequence to a number of literatures. These range from elite theories in political science and sociology (Mills 1956; Domhoff 1967; Scott 1991; Dunleavy and O’Leary 1987; Bond 2007; Dryzek and Dunleavy 2009) to analyses of pathways of top corporate management (Useem 1979; 1980; Useem and Karabel 1986) and public administration, such as studies into Public Service Bargains (Hood and Lodge 2006). The idea of post-career rewards is similar to that in studies of top management pathways (Useem and Karabel 1986, p. 185) generating the hypothesis that those individuals who possess the greatest amount of educational, political and social capital are most likely to gain access to the core of the business elite. While social class and educational backgrounds are known to be important in sociological analyses of corporate networks (e.g. Mills 1956; Domhoff 1967; Scott and Griff 1984; Scott 1991; Useem 1979; 1980), the influence of time in high public office has so far not been considered empirically.

Close reciprocal ties between the worlds of high finance and high public office have been associated with the culture of ‘club government’ that once characterised British political economy (see Hecllo and Wildavsky 1974; Marquand 1981; Moran 2003). Informal and blurred boundaries between finance and government were reinforced through geographical and social integration of the ruling London elite (Bulpitt 1983; Hall 1986; Scott 1991). An important aspect of the reward dimension of the traditional Public Service Bargain (Hood and Lodge 2006) that applied to both politicians and senior bureaucrats was the possibility for earnings outside public life. For senior bureaucrats such opportunities arose after their retirement from public service, while for politicians these sometimes were possible in combination with opposition and/or backbench activities as well as after premature or planned retirement from elected office. This traditional post-career aspect of the reward bargain has increasingly come under the (public) spotlight, and this critical attention has contributed to wider reform of government and business that has marked a shift from tacit restraints to formalised styles of regulation and emphasis upon standards in public life (e.g. Power 1997; Hood et al. 1999; Moran 2003).

This interest in rewards from high public office is not just a British phenomenon, with similar patterns observed in comparative context. For example, conventions of post-

retirement rewards of *amakudari* ('descent from heaven') in Japan (see Johnson 1974; Blumenthal 1985; Colignon and Usui 2003; Nakamura and Dairokuno 2003) and *nakhasan-insa* ('descent by parachute') in South Korea (see Kim 2003) have attracted increasing criticism; while the revolving-door in U.S. government has attracted attention, in particular in studies of regulation (e.g., Freitag 1975; Gormley 1979; Cohen 1986). Such migration from public office to the boardroom is, therefore, observed across a range of political and corporate systems.

In light of this literature on the nexus between politics and high business, evidence on the corporate rewards available for former high officials provides insight into the nature of the relationship between public office and the corporate sphere. It also offers a potential test of whether reports of the death of the traditional reward bargain of club government have been greatly exaggerated.

3. Corporate Power and Board Networks

The structure of corporate networks is a longstanding subject of enquiry (e.g. Mills 1957; Domhoff 1967; Useem 1979; 1980; Scott and Griff 1984; Useem and Karabel 1986; Scott 1991; Mizruchi 1996; Davis and Greve 1997; Burris 2005). Connections in these networks derive from common membership to corporations and unfold on two interrelated, although not symmetrical, levels. Ties are created between directors when they belong to the same company and ties are created between firms when they share the same directors. The intersections between organisations and individuals are referred to as interlocks. These ties create potential for the exchange of information and the diffusion of norms and practices across both firms and sectors (Breiger 1974; Levine 1972).

There are two main lines of research analysing these affiliation patterns and their consequences. The first focuses on connections created between companies by shared directors (e.g. Levine 1972; Mariolis 1975; Allen 1978; Burt 1978; 1983; Burt et al. 1980; Mintz and Schwartz 1985; Kono et al. 1998). This approach argues that interlocks are an organisational mechanism for reduction of uncertainties inherent to competitive markets and existence of resource dependencies between firms. Board interlocks provide opportunities for informal exchange of information between firms and for inter-firm influence over (internal) decision-making processes. For example, the growth of anti-trust regulation in the US in the early 20th century was concerned with the club-like world of interlocking directorates exploited by commercial and investment banks to control and monitor the behaviour of other corporations (Fennema and Schijf 1979: 299-303)¹.

The second line of research, central to this paper, focuses on connections created between directors by their common affiliation to the same boards (e.g. Useem 1984; Stokman et al. 1988; Scott 1991; Bond 2005; 2007; Burris 2005). This perspective is interested in intra-class, as opposed to inter-organisational, phenomena and focuses upon implications that connections amongst directors have for their behaviour as an elite and, in particular, for their political cohesion (Burris 2005). Directors are said to

¹ In the U.S., the *Clayton Antitrust Act* of 1914 prohibited "... any person from being a director of two or more competing corporations" (Act Section 8; codified at 15 U.S.C. § 19).

form an elite of decision-makers with power to shape and influence events that transcend the corporate world (e.g. Useem 1984; Scott 1997; Burris 2005; Bond 2007). Most of these studies are framed in terms of class structure and power relations. The empirical evidence suggests that the interlocking structure of board membership reinforces social and political cohesion across the corporate world which, in turn, enhances the ability of the corporate elite to mobilise and engage in collective action. This relies upon the network of inter-locking directors to promote “...processes of information exchange, persuasion, deference, and conformity with group norms” (Burris 2005: 273). While the relationship between networks formed by directors and their political behaviour has been considered (for instance in the form of party donations, e.g. Bond 2007), less attention has been paid to the other side of the relationship: representation of former public officials and politicians in the corporate elite. This paper examines the translation of political and/or governmental capital to corporate life.

The extent of the intersection between public and private domains raises questions about the effectiveness of public regulation if those devising and implementing the regulatory framework have future rewards and private compensations at stake. The migration of individuals who at one time served in high public office to corporate boards also adds an important qualification to conceptualisation of the corporate elite as a unique class. Research finds that ties between directors are not just a product of interactions in the corporate world but are also rooted in shared kinship, education in elite schools and universities, and membership of select clubs (Whitley 1973; Fidler 1981; Scott and Griff 1984; Scott 1991; Kono et al. 1998; Bond 2007). The pool of candidates from which boards select directors is therefore constrained by the networks forged at elite educational institutions and at social functions such as those taking place at private members clubs. Little is, however, known as to whether former public officials bring another type of capital to corporations, acquired during time in government or in parliament, and whether this capital differentiates them from other directors in similar industry positions.

This idea is consistent with analyses of networks of interlocking directors as a side-effect or unintended consequence of expertise-seeking and friendship. Some directors (especially those at high-status corporations) arguably transfer resources of prestige and knowledge to the boards of other corporations (Mace 1971). Sitting directors might on the other hand promote appointment of friends or allies to support their own position. While separation of risk, audit and remuneration functions mitigate agency problems (e.g. Fama and Jense 1983), network ties enable directors to exert indirect influence over the determination of financial remuneration and internal monitoring of corporate performance. Thus, membership of multiple boards is a resource in itself for further career advancement (Stokman et al. 1988; Zajac 1988). Directors can become network specialists because of the experience and expertise acquired from other board positions (Fennema 1982).

Having identified the political and sociological context of analysis, and linked it to the literature on inter-organisational relations and interlocking directors, the following section derives specific hypotheses that are testable with the dataset on former public officials and interlocking directorships in Britain.

4. Hypotheses

The literatures explored in the previous sections suggest that corporate rewards of individuals with a background in high public office can be understood in terms of network position (influence) and remuneration. By considering the degree to which interlocking directors have a background in politics, government or higher echelons of the civil service, this analysis is concerned with the degree to which capital from one realm, that of politics and administration, is relocated to another, that of corporate directorships. What specific patterns of corporate rewards might be expected in light of evidence on the nexus between politics and high business?

First, an important and unique resource that former politicians, government ministers and senior bureaucrats can transfer to the corporate sphere is that of connections and knowledge of the political and policy-making process. The co-optation of former high public officials into the boardroom is not strongly linked to corporate know-how, but rather derives from political-governmental expertise. Directors possessing experience and information on political risk and the regulatory environment due to a background in public office are, therefore, expected to secure more central positions in corporate networks. Former high public officials also bring prestige and reputation attractive to high-status corporations with central network positions (Mace 1971). Both dynamics inform the first hypothesis (H_1).

H₁: Time in high public office is rewarded with a more central position in the overall network of corporate directors

What level of remuneration might these former high public officials be rewarded with in lieu of these central network positions? While higher centrality (H_1) could translate into higher financial income, there are reasons to expect that compensation of former public officials might be no higher, or indeed be lower, than their corporate peers (H_2). The same political-governmental expertise and connections that are a unique resource in securing appointment to corporate directorships might also be expected to receive lower financial compensation than business skills with direct relevance to the practice of corporate governance. Moreover, the remuneration of former public officials is subject to *Tocquevillian* pressures (Hood and Peters 1994: 10-11): according to this argument, as political systems become more democratic, rewards for public office become more parsimonious in response both to institutional accountability and growing public interest. Compensation of corporate directors with a background in high public office should therefore be no different, or indeed less than, other directors (H_2).

H₂: Corporate directors with a background in high public office receive remuneration levels that are not significantly different from other directors.

While there is a general expectation that former public officials achieve more central positions within the corporate network (H_1), this post-career reward structure is also expected to reflect relative status and expertise in public office. First of all, the most senior former politicians and civil servants are expected to translate their connections, status and expertise into more influential (central) positions in the corporate network (H_{3a}). At the same time, the pattern of corporate rewards is also expected to reflect the degree of political-governmental connection to particular sectors or industries. Former

public officials with a career background in certain (elite) departments are expected to be well represented on the boards of corporations in specific sectors (H_{3b}). This might reflect departmental status or the strength of ties between departments and sectors (for instance, the technical-military complex), such as those that involve substantial public spending or procurement. The third hypothesis therefore suggests that differences in corporate rewards for former high public officials will reflect differences both in their seniority in politics/government and their departmental affiliation (H_3).

H₃: Corporate rewards for former high public officials reflect differences both in their rank in politics/government and in their departmental affiliation in public office.

Last, this analysis has – to this point – treated high public office as a single category that includes both politicians and bureaucrats. Such an approach might be considered a simplification given career-differences between elected-partisan politicians and unelected-neutral career-bureaucrats in the British political system. Civil servants are expected to refrain from participation in the partisan realm – even in retirement. However, common patterns can still be expected in the post-career opportunities open to former politicians and bureaucrats (H_4), consistent with the tradition of club government. Apart from their shared social, educational and geographical backgrounds (e.g. Scott 1991), these groups share similar expertise of, and formal or informal ties to, the policy process and the regulatory environment. As such, it is possible to assume a political class – which consists of former high public officials. And it is expected that this class is distinguishable from other directors in the boardroom (H_4).

H₄: There are similarities in the post-career rewards for former politicians and civil servants that are distinguishable from other directors in the corporate network.

The main claim tested in this paper is, therefore, that corporate directors that at one time held office in government, parliament or the civil service have – as a group - a differential representation in the overall corporate network in terms of both centrality and compensation, and that this also reflects specific characteristics of their career in public office.

5. Data

The data on which this analysis is based consists of information about the boards of directors and executive officers of companies listed on the UK's FTSE All-Share Index as of March 2009, tracking the composition of those boards for the period 1999 to 2008. The data was obtained from the business networking service *BoardEx* (see www.boardex.com) in the form of annual reports listing the companies included in the index and the names of directors sitting on their boards. The reports also included additional information such as the age, gender, education, board role and annual compensation of directors. This dataset covers more than 700 companies, which constitute about 98 per cent of market capitalization, and contains information on 7936 individual directors.

This information was combined with additional data about the career paths of former government ministers, civil servants and parliamentarians. An initial search of the

Civil Service Yearbook identified around 1000 government ministers (cabinet ministers, ministers of state and law officers, 1970-2008) and civil servants (top three ranks, 1990-2008) as having served in high public office. This data was supplemented through additional searches of the *BoardEx* data for any parliamentarians, junior ministers or civil servants not identified in the initial round. Further information about political (e.g. role, rank, department, political affiliation, honours) and social (e.g. age, gender, education) attributes of the directors was compiled through the data portal *KnowUK* (www.knowuk.com), which aggregates biographical information from sources such as *Who's Who* and *Debrett's People of Today*, and other online searches.

The data for the entire period was aggregated in the form of a two-mode network, and the affiliation network of directors was projected as illustrated in Figure 1. A connection between two directors indicates that they have sat in, at least, one common company board during the period between 1999 and 2008. This procedure is standard in analyses of interlocking directorates (Breiger 1974), and is based on the assumption that sitting on the same board opens channels of communication through which valuable information can be exchanged (Levine 1972). The position of directors in the network is relevant because it can influence their access to and control of that information and it reflects their status in the overall structure of the corporate elite.

[insert Figure 1 about here]

6. Network Position and Attributes of Former High Public Officials

This analysis first treats former politicians and bureaucrats as a unified political class in order to assess this group's relative position within the overall network of board membership in Britain. The network reconstructed using the procedure presented in the previous section is formed by a total of 7936 directors, and close to 84000 edges or connections (277 of these connections involve directors sharing more than one board). On the aggregate level, the network is divided in 56 components, which are illustrated in Figure 2. The largest component, to the left of the figure, is formed by 94% (7483) of the directors in the dataset; the second largest component is formed by 20 directors, and the rest vary between sizes of 19 and 3. What this means is that over the period considered here the network formed by interlocking directorates connects most of the corporate elite in a single structure, which makes every director potentially reachable from almost anybody else in the network. If it is assumed that this network is the only means by which two directors could be introduced to each other, the two directors that are farthest apart in the main component need 12 shakes of hand to get to know each other. The average distance between any two directors is just 4, a relatively short chain of intermediaries considering that there are close to 7500 directors in the network.

[insert Figure 2 about here]

Table 1 displays some descriptive statistics about the composition of the network. Most directors are affiliated to just one company: only 19% of them sit on the boards of 2 or more organisations, which means that only a small fraction of the corporate elite act as interlocks – the connectivity of the largest component identified above essentially relies on their role as intermediaries. As one would expect, directors with

multiple positions receive significantly higher compensations (which is the total remuneration package, including salary, bonus, pension and shares, received by each director during the entire period), and are slightly older and more experienced in the corporate world. Table 1 also reports four measures of the positions directors occupy in the network: degree and betweenness as measures of network centrality (Freeman 1979; Bonacich 1987) and clustering and constraint as measures of embeddedness and redundancy of connections (Burt 1992; 2005). While degree centrality refers, in the context of this network, to the number of other directors to which a director is immediately connected because they sat on the same board, betweenness refers to their power to act as intermediaries between any pair of directors, even when there is no immediate connection with them. Directors with multiple affiliations are, as expected, more central in the network according to both measures: they have more than twice the number of connections than directors with a unique affiliation, and they have higher betweenness scores.² Clustering and constraint, in turn, refer to the density of connections amongst the neighbours in the network and to the redundancy of those connections. By definition, directors sitting in the same board are all connected to each other, so directors with a single affiliation are embedded in complete local structures where ties open redundant channels of communication. Directors with multiple affiliations, by contrast, act as the only connectors between directors that would be secluded otherwise – hence their lower clustering and lower constraint coefficients.

Taken all together, only about 6% of the directors are female, most have postgraduate studies (information on education was missing for 29% of the cases), and the majority play non-executive roles. Only 2% (152) have a background as top civil servants or politicians. This is a relevant finding: of the approximately one thousand government ministers and civil servants identified through our initial search, less than 15% appear to be part of the corporate elite.

If such a small fraction of potentially employable individuals obtain post-career rewards in the City, are there certain attributes that characterise those that are successful? Most (145 or 95%) are embedded in the largest component identified in Figure 2. Compared to all other directors, they are older and sit on the boards for longer. This is as might be expected from post-career earnings: most would not leave public office until late in their professional life. According to the coefficients shown in the last four columns of Table 1, the political class (as defined here) also seem to be better placed in the overall structure than the average director, consistent with H_1 . The degree coefficient indicates that directors with a background in high public office are on average connected to 8 more directors than other directors. These former public officials also have a slightly higher betweenness score which suggests they are more central in the chains of acquaintances connecting any pairs of directors. They have lower scores for the clustering and constraint coefficients which is an indication that they are exposed to less redundant information, again assuming that connections in this network open the only channels through which certain information flows.

[insert Table 1 about here]

² Because betweenness scores are based on the distance between nodes (i.e. the number of links necessary to reach one director from another director) they were calculated only for the directors in the largest component.

A notable finding is that, in spite of their better network positions, former high public officials receive significantly lower compensations, consistent with H_2 . One potential explanation is that politicians and civil servants sit on the boards of the larger and prestigious corporations. This would increase their degree centrality because larger corporations tend to have larger boards with directors who are specialist interlocks, but would not increase their compensation if their corporate affiliation was limited to that single company. Table 1 shows that financial rewards are twice as high amongst directors with multiple roles than amongst those with a single affiliation.

Another potential explanation is likely to result from their appointment to certain board positions, namely non-executive directorships. This pattern indicates post-career earning opportunities: 88% of directors from the political class hold non-executive positions, compared with 55% of directors that do not belong to the political class. Yet, even when compared to other non-executive directors, the level of compensation for political directors is close to four times lower. Table 2 presents additional statistics that help further assess each of these explanations and provides more detail on attributes of members of the political class that obtain rewards in the corporate world.

Notably, 30% (45 of 152) of directors with a background in high public office act as interlocks, over 10% more than other directors (1449 of 7829), so their lower compensations cannot be due to a higher proportion of political class directors possessing a single board affiliation only. The difference in remuneration between those with single and multiple directorships is not as large for members of the political class. Political interlocks receive significantly less compensation than single directors in the non-political class. In sum, the results presented in Tables 1 and 2 reveal that, compared to directors with similar network positions and similar board roles, members of the political class still receive significantly lower financial rewards, the total difference amounting to more than £1.3 million less between 1999 and 2008. As noted earlier, there are two possible explanations for this. The first one is that the mechanisms underlying the nomination of directors in the political class are more likely to be related to social connections than to business expertise (Mace 1971). If the specialised knowledge or reputation acquired through successful corporate management provides directors with a competitive advantage, then this advantage should be reflected in higher compensation. The most skilled/expert directors are in a stronger position to ask for greater financial rewards. Indeed, this seems to be the case for most directors with multiple affiliations: as noted earlier interlocks receive, on average, more than twice the compensation of single directors. This market advantage does not seem to be at play amongst members of the political class, however. While their social-political capital is reflected in their network connections (H_1), this is not accompanied with higher financial rewards. This suggests that the advisory input of directors from the political class is of less value to corporate governance than the advice of other directors. This, in turn, is translated into a lower level of financial remuneration. The second possible explanation draws from studies on rewards for high public office (e.g. Hood and Peters 1994; 2003; Hood and Lodge 2006). Hypothesis H_2 suggests that rewards for high public office are subject to downward pressure in democratic systems. Indeed, recent reforms of corporate governance – such as Sarbanes-Oxley in the U.S. and the Higgs Report in Britain – have increased oversight of corporate reward systems. In light of public hostility to high career and

post-career rewards, members of the political class feel obliged to embrace some form of material self-discipline. Last, an alternative explanation might be that the political class accepts directorships because of the prestige associated to the position. In return, these directors are expected to broadly support the decisions of those that enabled their appointment to the board. In other words, directorships for the political class represent an interpersonal exchange of favours (Mace 1971).

[insert Table 2 about here]

Does the structure of corporate rewards also reflect differences in background, status and expertise *within* politics and government? In terms of the (political) Westminster club, these directors include 53 former or current Members of Parliament (inclusive of government ministers) and 61 Peers (which includes MPs who later became peers, but most of whom are former civil servants). Overall, 56 of the 152 directors are former Conservative politicians, 13 are former Labour politicians and 5 are former Liberals (although one Liberal peer started their political life as a Conservative). The average betweenness score for Conservative and Labour politicians is the same (0.0006), but Conservatives are better paid on average (£486,000 in total over the period between 1999 and 2008) compared both to Labour (£370,000) and to the Liberals (£100,000). While political affiliation appears to secure financial rewards, it does not guarantee a more central network position.

The remaining 81 directors are former civil servants or public servants of some sort (including a number of senior commanders from the armed forces) with no publicly recorded data of their political affiliation. The results also show, unsurprisingly, a gender imbalance amongst all former high public officials appointed to corporate directorships, with just 13 women identified – 9 % of the total. The findings on higher educational backgrounds again are consistent with the traditional stereotype of the British elite, with 40 having graduated from Cambridge and 36 from Oxford – 50% of total known cases (with the university unknown or no university education for 24 individuals in the dataset). Further to this, 101 of the 152 have received a public honour (e.g. CBE), and 87 are Knights of some order (e.g. KCB, KCMG), confirming that the political class is a high status group considered according to a number of different measures. While former public officials whom have received a knighthood receive more on average (£596,000) than those without any honour (£437,000), there is little difference in their betweenness score. Peers are on average more connected (average betweenness = 0.0010 and degree = 34) than non-Peers (average betweenness = 0.0003 and degree = 26), but have just a small advantage in financial compensation (£538,000 compared with £491,000).

Table 2 shows that most directors from the political class spent part of their career at H.M. Treasury, the Foreign Office, the Ministry of Defence and the Department of Trade and Industry (now the Department for Business and Innovation).³ Of the 51

³ Because of perpetual reform, through mergers and break ups, of the machinery of British government, departments are aggregated according to function for the period between 1970 and 2008. HM Treasury (HMT) and the Ministry of Defence (MOD) refer to single departments for the period between 1970 and 2008. The Foreign and Commonwealth Office also includes the Ministry of Overseas Development (1970; 1974-1979) and Department for International Development 1997-2008. The Department for Trade and Industry refers to a number of different government departments with responsibilities for business: Department of Trade and Industry 1970-1974; 1983-2005; Department of Trade 1974-1983;

government ministers and 81 civil servants, 32 served in the Treasury at some point, 31 in the Foreign Office, and 35 in the Ministry of Defence. Note that just three served in *both* the Treasury and Foreign Office, and just seven in both the Ministry of Defence and the Treasury or the Foreign Office (64 of the 152 served in none of these departments). There is therefore little career overlap (12%) between these prestigious departments of state. The final department of public officials before retirement or leaving government reflects a similar dominance of elite departments, with 14 from the Treasury, 26 from the Foreign Office, and 23 from the Ministry of Defence. So 41% of the political-bureaucratic elite (63 of 152) retired from the top ranks of these elite departments. Certain departmental affiliations are therefore associated with subsequent appointment to corporate directorships (H_3). This might be attributed to business connections established while in government, the technical expertise of some officials, or the prestige status of certain departments. In terms of financial rewards, individuals who at some point worked in the Treasury are almost £200,000 better off on average than those who did not. In contrast, former public officials who once served in the Foreign Office tend to receive far less on average (£253,000) than those who served in other departments (£572,000).⁴ These findings provide confirmation of H_3 , but also reveal that the reward structure for an elite department such as the Foreign Office is not necessarily financial in nature. The connectedness of high public officials with a background (average betweenness = 0.0006) is on a par with officials from other departments, but the financial rewards are not.

The results indicate that seniority in politics or in government matters, consistent with H_3 . While there are no Prime Ministers amongst the 62 Ministers/MPs, the corporate directors include two former Chancellors of the Exchequer, one former leader of the Labour Party and two former leaders of the Liberals, 15 former Secretaries of State and two Chancellors of the Duchy of Lancaster. The 81 civil servants include three former Cabinet Secretaries (the most senior position in the British civil service), 19 former Permanent Secretaries (the second most senior rank in the civil service), and 13 former Ambassadors (plus two High Commissioners), two former heads of defence sales and one former head of defence procurement, and eight former senior commanders of the Armed Forces (air, sea and land). It is therefore the *crème-de-la-crème* of high public officials that end up securing rewards in corporate world.

To explore whether it is appropriate to talk about a political class rather than distinct post-career patterns for politicians and bureaucrats, Tables 3 and 4 disaggregate the political class in two groups (former ministers and MPs on the one hand and former civil servants on the other). The numbers become rather small, but allow for some important qualitative insights into the similar characteristics of this group of directors. Overall, some departments are better than others as springboards for subsequent

Department of Industry 1974-1983; Department of Energy 1974-1992; Department of Prices and Consumer Protection 1974-1979; Department for Business, Enterprise and Regulatory Reform 2007-2008.

⁴ The results suggest that politicians and bureaucrats with some kind of background in business (or whose career in public office ended at a relatively early stage in their professional career) earn considerably more on average (£917,000 over the period between 1999 and 2008). Several former officials from the DTI moved from public service into the business world at a relatively early stage in their professional career. Although these individuals are not civil service retirees, they are classified as former public officials since their public service was an important stage of their career development. This classification is partly responsible for the high financial compensation reported for this department.

transition into the corporate world – again consistent with H_3 – with strong representation on corporate boards from former politicians and civil servants with a background at the Treasury (24% of the former politicians holding directorships, 21% of civil servants), Foreign Office (8%, 33%), Ministry of Defence (23%, 27%) and Department of Trade and Industry (31%, 7%). The percentage of civil servants who served at the Foreign Office and later became corporate directors is, however, far more than the percentage of politicians who served as ministers. This perhaps reflects the unique expertise and connections that retired ambassadors and diplomats bring to business overseas in comparison to their political counterparts. The reverse is true for the Department of Trade and Industry, suggesting that time in ministerial office in this domain is more likely to result in corporate appointments.

The general structure of rewards is similar, however, for both elected politicians and unelected bureaucrats, which makes it meaningful to speak of a political class. There are certain factors associated with successful post-career rewards in the City that cannot be reduced to individual characteristics. The reason, in light of earlier discussion, is attributable to the general elite status of these institutions and to domain-specific ties between each of the government departments and business. The prestigious status of these institutions tends to attract talent as well as offering opportunities to build a particular type of social capital and connections, much in the same way as elite schools, universities or clubs contribute to the ties between directors (Whitley 1973; Fidler 1981; Scott and Griff 1984; Scott 1991; Kono et al. 1998; Bond 2007). These departments are widely regarded as premier career locations so the value of being member of these departments rather than others is reflected in post-career positions and earnings. At the same time, specific external ties of these departments provide a resource for future corporate rewards. The Ministry of Defence has strong links with the arms industry through both procurement and sales and the Treasury with high finance in economic policymaking, while former Foreign Office officials tend to have connections with foreign government and business. Such connections are combined with domain-specific expertise developed within government, providing an attractive resource to companies when leaving public office.

[insert Table 3 about here]

[insert Table 4 about here]

Figure 3 presents the distribution of directors in different industry sectors and the average compensations received in each of these sectors. The upper graph shows that former high public officials are disproportionately represented in Aerospace-Defence and Investment companies, providing evidence consistent with H_3 . The prominence of defence is both remarkable and unsurprising, given the high level of procurement and export activity in this domain. The lower graph confirms that across all sectors directors that previously served in high public office receive lower compensations (H_2). The following section aims to determine whether these differences are still significant once other factors (such as industry sector, company size or multiple directorship) are taken into account.

[insert Figure 3 about here]

7. Is there a Political Class within the Corporate Elite?

While career bureaucrats and politicians follow quite different career paths during their time in public service, this analysis has highlighted the distinctive pattern of post-career rewards for former politicians, government ministers and civil servants. Classic studies of the British corporate elite (e.g. Scott and Griff 1984; Scott 1991) emphasize the shared social characteristics of board members. The remainder of this analysis considers how the attributes of these high public officials compare to the rest of the business world. In other words, do former public officials constitute a distinct political-governmental class within the corporate elite?

The previous section showed that directors who are former high public officials exhibit better network positions (H_1), but receive lower compensations (H_2). One possible explanation noted for this difference is that members of this group might make use of social and professional capital gained while in office to cultivate better corporate connections. If this is not translated into better compensations (proportional to those obtained by other directors with similar positions) it is because their expertise and prestige does not have as much value for the performance of the company. Another possible explanation suggests that members of the political class are more sensitive to pressure for transparency (and the associated growth in regulation of corporate governance), which would force their compensations down but still allow them to gain other rewards as measured in the form of, for instance, reputation and prestige. This section aims to determine whether the differences identified so far remain even when controlling for all the confounding effects that also affect network position and compensation. Ultimately, the analyses seeks to establish whether we can actually talk about a political class within the corporate elite.

First, a random effects model was applied with just the intercept parameter to determine how much of the variance in degree centrality and compensation results from variation between the two groups of directors. This model allows the variability around the mean to be different in the two groups; in other words, it splits the residuals into two levels: one for individuals, where differences are measured between individual values and their group means; and one for groups, where differences are measured between the group means and the overall mean (Gelman and Hill 2007). According to this model about 4.19% of the total variance in degree centrality can be attributed to differences between the two classes of directors. The model estimates that directors in the political class have on average five more connections than those who did not build their careers in the public sector. The variance of compensation shows the opposite trend: the model estimates that directors in the political class receive, on average, a compensation that is about £200,000 lower; according to the model, about 3.87% of the total variance in compensation results from the differences between the two types of directors. When compared to models without the random intercept (that is, models that do not allow the means to vary across the two groups), the -2 log likelihood values indicate that the difference is significant at the 1% level.

These models, summarised in Table 5, serve as a starting point to assess how significant the differences between directors remain when predictors are introduced at the individual level. In the light of the findings shown in the previous section, there are a number of factors that are positively associated to degree centrality and compensation. Gender, age and education are the basic demographic variables that

need to be controlled for: men are more likely to get better compensations but women seem to be better connected; and older and highly educated directors seem to be associated to better positions and rewards. Years of experience in boards of directors might also contribute to improve network centrality, but they do not seem to be associated to higher compensations. The role that directors have in those boards, however, seems to be strongly associated with higher compensations, as is being a multiple director: interlocks are, by definition, more central in the network and they are also better remunerated. Finally, the size of the company determines the degree centrality of directors and the industry sector influences the level of compensation. Because the same director might be affiliated to different companies operating in different sectors, the size and the sector of the organisations were operationalised using the same network configuration: the size of companies was approximated by calculating, for every director, the average degree of their neighbours in the network (so that directors sitting in larger corporations are linked to neighbours with higher average degrees); and the sector was approximated by calculating the average compensation of the neighbours in the network (again, directors working in, for example, the banking sector, will tend to have neighbours with higher average compensations). Finally, because the same director might also have several board roles, their board position was approximated using their compensation, a variable that we use to predict centrality in the network.

The random effects models fitted with these individual-level variables are also summarised in Table 5. In the case of degree centrality (model DM2) the most relevant predictors are number of directorships (that is, whether the director is an interlock) and board role, controlling for company size and industry sector. Age, gender, education and experience are not significant predictors of centrality. The most striking finding, however, is that once all these factors are controlled for, there are no significant differences between directors that are members of the political class and the other directors: the gap identified by model DM1 disappears and being a director from the political class does not make any difference in terms of network position once all the other individual-level factors are taken into account. The case of compensation is different (model CM2). Controlling for industry sector and company size, being a multiple director and being more central in the network still have a positive and quite significant impact on the level of financial rewards; age and experience seem to have the opposite effect: the older directors are and the longer they stay in boards, the lower their compensations become, all else equal. Yet, in spite of all these controls, there is a proportion of the total variance in the financial reward of directors that is explained by the differences, modelled here as random, between members of the political class and the other directors.

For illustration, Figure 4 reproduces the estimation of the models with only the significant variables. The differences between the two groups disappear in the case of degree centrality, but there is still a significant difference in the case of compensation: directors from the political class receive, all else equal, less financial rewards. As suggested throughout this paper, this either means that the value of having a senior politician or civil servant as (in most instances) a non-executive director is relatively lower than for other non-executives and is largely undertaken for symbolic or specialist reasons that inflate their level of representation independent of their value to corporate governance (H_1), or that Tocquevillian pressures in political systems do indeed apply and depress salaries of former high public officials (H_2). These possible

explanations are not, however, mutually exclusive and require further investigation either through analysis over a longer timer period than is considered here or through qualitative assessment of the reasons for appointment of former politicians and civil servants to corporate boards.

8. Conclusion

Rewards for high public office are integral to understanding the nature of politics and public life across all sorts of political and social contexts. The post-career rewards obtained by former high public officials illuminate a particular aspect of the nexus between the public and the private spheres. These private gains of public office also add an important dimension to sociological understanding of the corporate elite, for an influential subset of the inter-firm network. This paper addressed three interrelated questions: To what extent are individuals who at one time served in high public office represented in the corporate elite? How well connected are these former politicians and civil servants in comparison to other directors and what level of remuneration do they receive for performing these corporate roles? And does this group constitute a general high political class with positions and rewards that are distinct from the other directors in the corporate network? The analyses presented here show that a minority of former politicians and civil servants obtain positions and rewards in the private sector. These individuals tend to share departmental and/or political backgrounds and similar professional trajectories. Their greatest rewards are not financial. In fact, former high public officials systematically receive lower monetary compensations, even when compared with directors of the same experience, board position or industry sector. This is consistent with accounts of democratic pressures that depress the level of rewards for former public officials. Members of this political class of politicians, ministers and civil servants also appear to be more central in the corporate network, but this advantage disappears relevant factors such as company size are controlled for. However, the analyses also indicate that their background in high public office gives them a springboard to obtain positions on boards of the most prestigious companies. Compared to their corporate counterparts, members of this high political class do not possess better social capital, as measured by their contacts in the inter-firm network. Time spent in public office is, though, a contributing factor in opportunities for board positions for these former parliamentarians, ministers and civil servants. Without this background in public office, chances for corporate roles would be far reduced. While a small fraction of former high public officials migrate to the corporate world after a career in public service, the majority built their careers in the same departments – an indication that such previous political and governmental experience and connections play a significant role in defining their post-career trajectories in the corporate world.

These similar patterns of post-career rewards reveal the existence of a distinct high political class within the business elite. The analyses suggest it is possible to identify a relatively homogeneous political class with respect to post-career earnings. This is regardless of empirical differences between the career structures and professional life of politicians, government ministers and civil servants. Three premier departments – the Treasury, Foreign Office and Ministry of Defence – provide greatest opportunities for access to the corporate world, with the high political class strongly represented (in relative terms) in the defence sector. The evidence suggests that with respect to post-career appointments to the boardroom, politicians, ministers and senior civil servants

can be treated as a single group: they are drawn from the very top of public life, serve in distinct elite departments, and their network positions as well as their compensation levels appear remarkably similar. While these findings concern a small elite group, it is possible to suggest more broadly that the death of club government – when it comes to post-career earnings and this intersection of the public and corporate worlds – has been somewhat overstated.

There are limitations to this analysis which open avenues for future research. One is the limited time frame of the BoardEx database, which offers full coverage from 1999 onwards, but not historical data on corporate boards and directors. This prohibits from offering a more wide-ranging analysis of post-career earnings over time, in particular for the period from the late 1970s onwards which is said to have marked a shift in the club-like relationship between political institutions and the private sector, most of all under the Thatcher Governments of the 1980s. Nevertheless, this detailed mapping of the political and corporate network over a period of a decade offers important insights into the post-career earnings of an elite group of individuals who served in high public office. The second limitation is that this analysis focuses upon the public face of post-career rewards: appointments to corporate boards. Given the pressure on earnings of high public officials, observed across democratic systems, directorships of companies might become less attractive in comparison to less transparent earning possibilities such as consulting roles, where public disclosure of the corporate relationship is not required. The corporate governance role undertaken in non-executive directorships might, in fact, make such positions less suited to the skills and/or interests of former politicians in comparison to advisory positions more oriented toward networking and advocacy (Financial Times, 14 September, p. 7). Such a shift in patterns of migration from public life to the corporate world might be expected given that the internal labour market of the British civil service has become more porous in recent times. The analysis does not, then, uncover those from high public office who accrued corporate rewards through consulting or directorships on boards of non-listed and foreign companies. These limitations highlight a couple of possibilities for further enquiry. The first is whether the formal network observed in corporate boards is replicated in other social and political settings, such as clubs and donations to political parties. This would build upon empirical research that addresses such questions. The second is how the structure of the British corporate network – and the earnings and position of the former top politicians, cabinet ministers and civil servants within it – compares to other national settings, for example the US, Japan and continental Europe.

Overall, this analysis has shown there is a connection between service in high public office and post-career rewards in the corporate world. Its combination of theories drawn from political science, public administration and sociology with the method of network analysis offers distinct and novel insights on the relationship between politics, government and business. This adds to understanding of governing and business elites, and the translation of connections and expertise from one realm into another. The pattern of post-career earnings and network positions also reflects the prestigious status of a few elite departments in government. The stars of politics and government are, therefore, most capable of translating their status into rewards in the corporate world. This also reflects the close connection of each of the departments to business; through the economic policy and regulatory influence of the Treasury, the overseas connections of the Foreign Office, and the procurement and sales ties of the Ministry of Defence. The observed patterns are not surprising, but confirm there is a

correspondence between certain high offices of state and business. It is also possible to distinguish between the connections of former high public officials and the rest of the corporate network. The private gains of public office are distinct from the reward structure for other business directors.

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Figure 1. One-Mode Projection of the Network of Corporate Directors

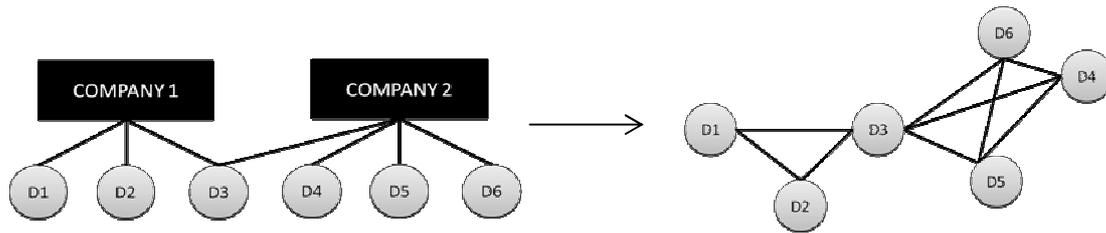
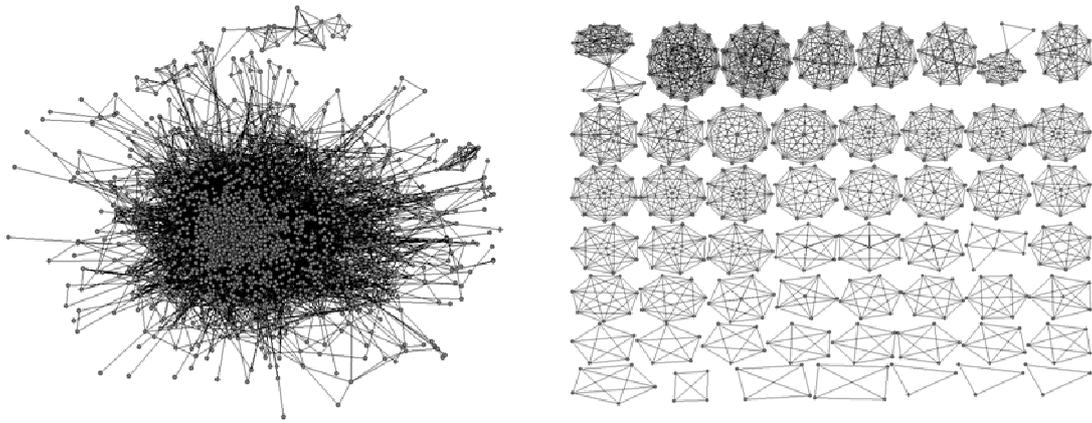


Figure 2. Components in the Network of Interlocking Directorates



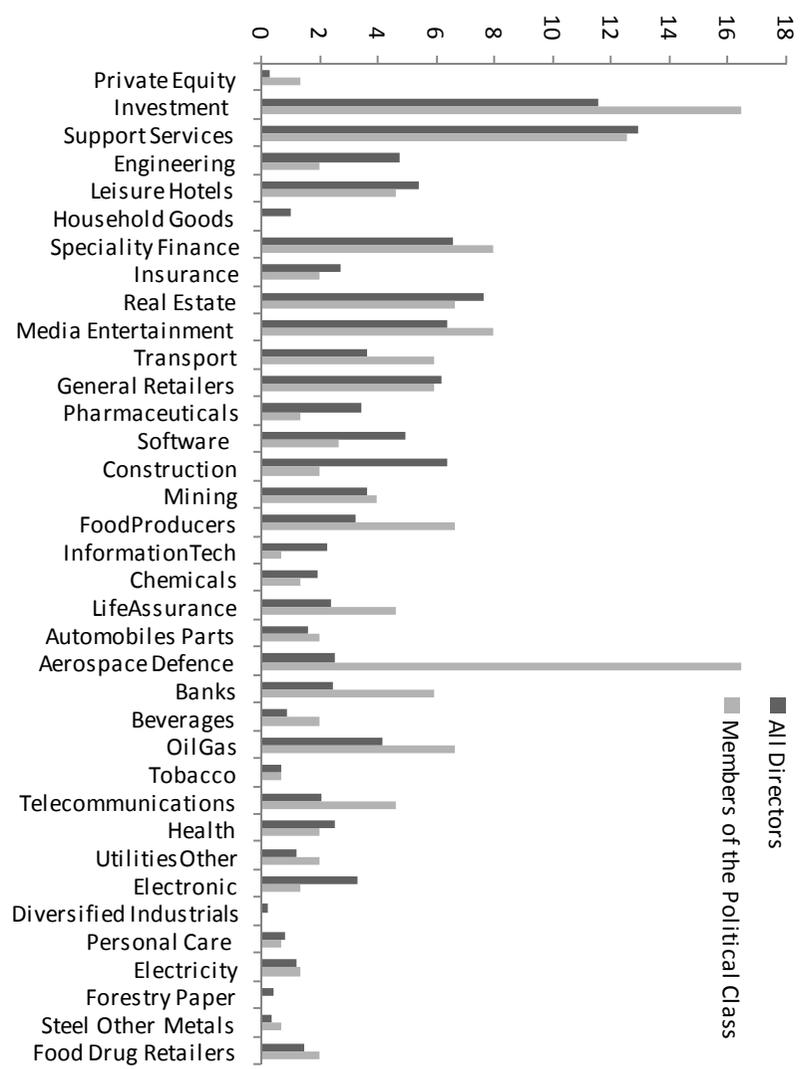
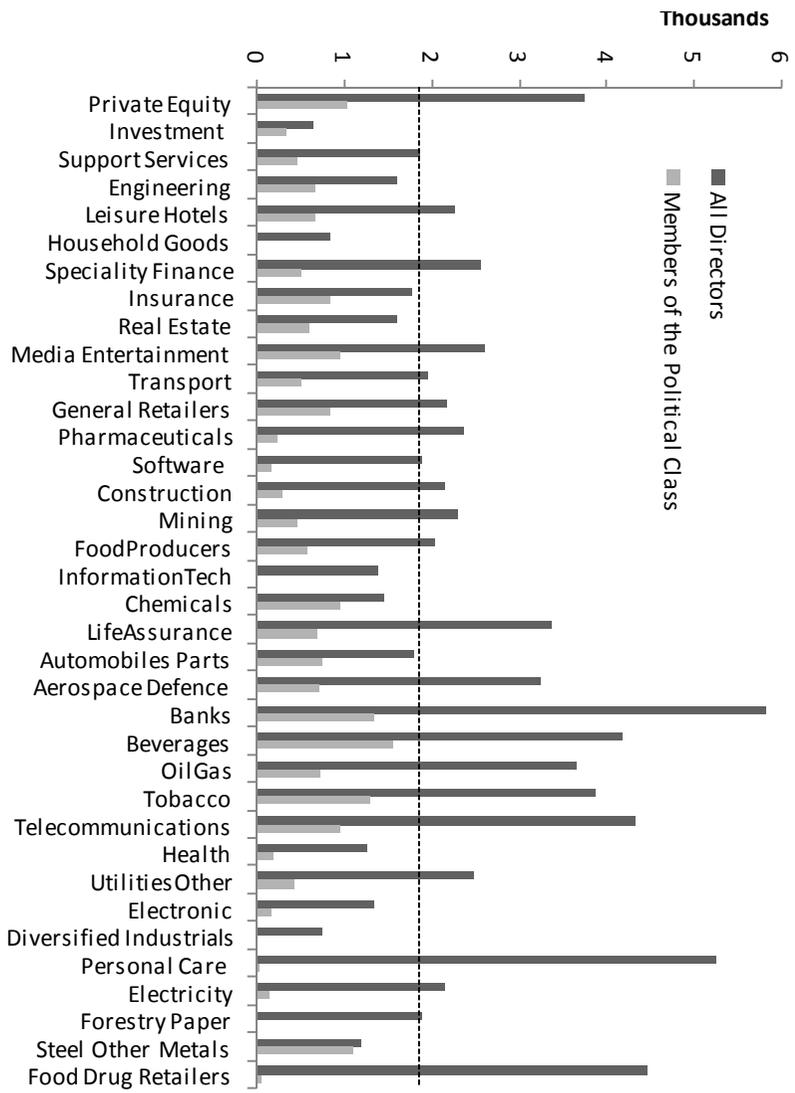


Figure 3. Percentage of Directors in Industry Sectors and Total Compensation by Sector

Figure 4. Factors Explaining Degree Centrality and Compensation

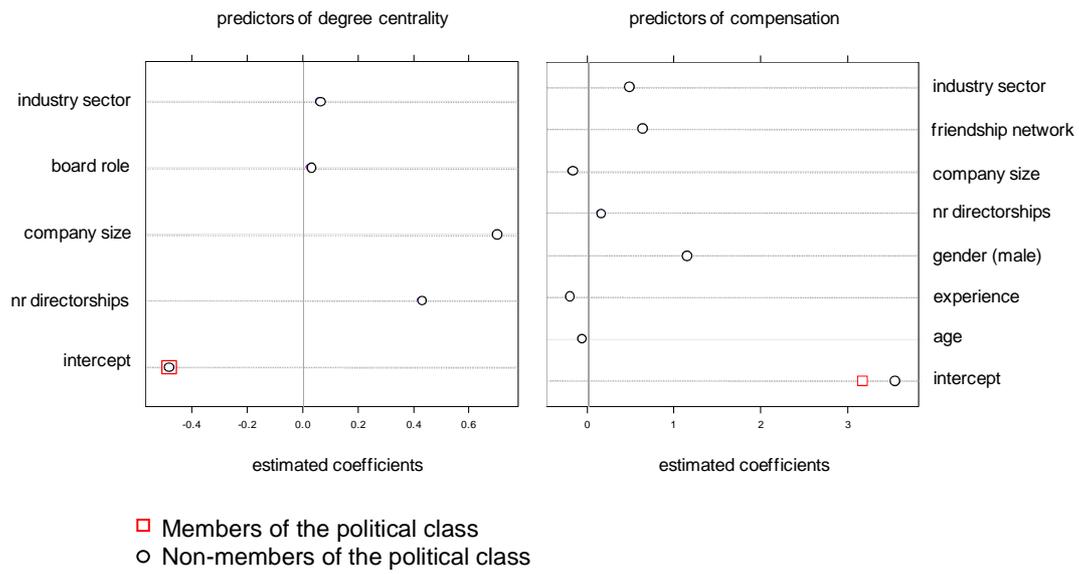


Table 1. Network for the 1999-2008 Period (10 years)

	N	Avg. Age	Avg. Comp. (000's)	Avg. Yrs. Experience	Avg. Degree	Avg. Clustering	Avg. Constraint	Avg. Between.
Interlock?								
Yes	1494	53	3106	2.15	43	.47	.09	.0019
No	6442	52	1543	1.80	16	1.00	.24	.0000
Gender								
Male	7435	52	1923	1.90	21	.90	.22	.0003
Female	501	48	888	1.34	24	.88	.19	.0005
Education								
Degree	1501	51	1991	1.98	22	.89	.20	.0003
Postgrad	812	50	2072	1.56	20	.90	.23	.0003
Master	791	53	2049	2.11	24	.87	.19	.0004
MBA	733	50	2330	1.99	23	.91	.19	.0003
Doctorate	1792	54	2049	2.08	24	.85	.20	.0006
Board Role								
CEO	1070	48	5824	.96	24	.85	.19	.0004
ED	2243	48	3000	.80	22	.93	.20	.0003
OPS	929	45	3353	.79	23	.89	.20	.0004
CHAIR	1220	57	2022	3.10	29	.75	.20	.0011
NED	4374	55	1184	2.44	24	.83	.20	.0006
Former High Public Officials								
No	7784	52	1893	1.85	21	.90	.22	.0004
Yes	152	60	511	2.49	29	.84	.17	.0006
<i>Ministers</i>	48	59	328	2.98	27	.86	.19	.0007
<i>MPs</i>	53	60	339	3.20	24	.89	.21	.0005
<i>Civil Servants</i>	81	61	575	1.66	32	.81	.14	.0007

Table 2. Politicians and Civil Servants in the Network of Directors (1999-2008)

	N	Avg. Age	Avg. Comp. (000's)	Avg. Yrs. Experience	Avg. Degree	Avg. Clustering	Avg. Constraint	Avg. Between n.
Interlock?								
Yes	45	59	684	2.19	53	.45	.07	.0021
No	107	61	435	2.63	19	1.00	.21	.0000
Gender								
Male	139	61	506	2.59	28	.85	.17	.0005
Female	13	58	563	1.40	43	.72	.11	.0017
Education								
Degree	41	61	307	1.97	31	.82	.18	.0009
Postgrad	1	66	153	10.60	13	1	.23	.0000
Master	43	59	482	2.23	31	.84	.18	.0007
MBA	3	57	802	1.90	43	.62	.11	.0011
Doctorate	29	60	643	2.31	30	.81	.15	.0006
Business Background?								
Yes	38	59	917	2.57	33	.78	.14	.0008
No	114	61	371	2.47	28	.86	.18	.0006
Peer?								
Yes	61	61	538	2.84	34	.81	.16	.0010
No	91	60	491	2.27	26	.86	.17	.0003
Honours								
Knighthood	87	62	596	2.15	31	.82	.14	.0006
Honour	14	62	232	3.20	23	.91	.28	.0006
No Honour	51	57	437	2.89	27	.85	.18	.0007
HMT?								
Yes	32	59	662	1.94	40	.76	.13	.0013
No	120	61	471	2.65	26	.86	.18	.0004
FCO?								
Yes	31	62	253	1.57	32	.82	.14	.0006
No	121	60	572	2.74	28	.84	.17	.0006
MoD?								
Yes	35	62	433	1.67	24	.91	.19	.0003
No	117	60	533	2.74	31	.82	.16	.0007
DTI?								
Yes	25	60	544	2.16	25	.89	.17	.0002
No	127	60	504	2.56	30	.83	.17	.0007
Party								
Conservative	56	59	486	3.58	25	.87	.20	.0006
Liberal	4	62	100	3.98	11	1	.00	.0000
Labour	13	58	370	1.23	36	.82	.00	.0006
Board Role								
CEO	3	63	548	1.20	28	.84	.15	.0002
ED	8	55	1564	1.30	38	.86	.14	.0004
OPS	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a
CHAIR	40	59	1141	3.23	38	.70	.15	.0013
NED	133	60	343	2.18	30	.82	.16	.0007

Note: the frequencies reported in Tables 3 and 4 do not add up to those reported in Table 2. While 152 directors have a background in high public office, the frequencies exceed this because former high public officials are counted more than once if they held two or more different positions (for example both as an MP and as a government minister).

Table 3. Attributes of Ministers/MPs in the Network (1999-2008)

	N	Avg. Age	Avg. Comp. (000's)	Avg. Yrs. Experience	Avg. Degree	Avg. Clustering	Avg. Constraint	Avg. Betweenness
Gender								
Male	55	60	313	3.45	23	.88	.21	.0010
Female	7	58	379	1	35	.91	.12	.0005
Education								
Degree	15	60	328	2.4	28	.87	.20	.0007
Postgrad	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Master	25	58	372	2.5	23	.92	.24	.0004
MBA	1	60	144	5.2	15	1	.22	.0000
Doctorate	8	59	303	2.7	28	.80	.13	.0009
Business Background?								
Yes	10	62	153	2.43	24	.90	.23	.0003
No	52	59	353	3.36	25	.88	.20	.0006
Peer?								
Yes	34	61	322	2.99	27	.85	.20	.0006
No	28	57	317	3.48	21	.91	.20	.0003
Honours								
Knighthood	15	61	309	3.46	27	.87	.16	.0004
Honour	8	62	278	2.64	30	.84	.29	.0011
No Honour	39	58	332	3.22	23	.90	.20	.0005
HMT?								
Yes	15	59	433	2.60	38	.77	.15	.0016
No	47	59	285	3.40	20	.92	.22	.0002
FCO?								
Yes	5	57	246	1.20	25	1.00	.13	.0000
No	57	60	325	3.39	24	.87	.21	.0006
MoD?								
Yes	14	60	349	2.41	30	.84	.17	.0007
No	48	59	310	3.45	23	.89	.21	.0005
DTI?								
Yes	19	61	247	2.34	23	.88	.19	.0002
No	43	59	350	3.60	25	.88	.21	.0006
Board Role								
CEO	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a
ED	4	56	748	1.13	24	1.00	.21	.0000
OPS	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a
CHAIR	17	59	543	3.91	25	.82	.23	.0005
NED	54	59	271	2.89	26	.86	.18	.0006

Table 4. Attributes of Civil Servants in the Network (1999-2008)

	N	Avg. Age	Avg. Comp. (000's)	Avg. Yrs. Experience	Avg. Degree	Avg. Clustering	Avg. Constraint	Avg. Between.
Gender								
Male	77	61	585	1.64	32	.82	.15	.0006
Female	4	57	395	2.08	39	.61	.11	.0025
Education								
Degree	26	62	294	1.72	33	.79	.16	.0010
Postgrad	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Master	17	61	546	1.58	37	.76	.11	.0010
MBA	2	55	1131	.25	57	.43	.05	.0016
Doctorate	18	61	828	2.06	30	.82	.17	.0004
Business Background?								
Yes	21	58	1180	1.61	40	.69	.10	.0013
No	60	62	359	1.68	30	.85	.16	.0005
Peer?								
Yes	21	60	618	1.65	46	.71	.10	.0018
No	60	62	558	1.67	27	.84	.16	.0004
Honours								
Knighthood	68	62	577	1.7	33	.80	.14	.0007
Honour	4	62	155	1.5	13	1.00	.30	.0000
No Honour	9	55	715	1.7	36	.74	.11	.0016
HMT?								
Yes	17	59	861	1.36	42	.75	.11	.0010
No	64	62	499	1.74	30	.82	.15	.0007
FCO?								
Yes	27	62	247	1.59	33	.80	.14	.0007
No	54	61	736	1.70	32	.81	.14	.0007
MoD?								
Yes	22	62	473	1.15	20	.95	.19	.0001
No	59	61	612	1.86	37	.75	.13	.0010
DTI?								
Yes	6	59	1434	1.58	33	.92	.11	.0001
No	75	61	501	1.67	32	.80	.15	.0008
Board Role								
CEO	2	50	1080	1.80	34	.75	.14	.0003
ED	4	55	2379	1.48	53	.72	.06	.0008
OPS	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a
CHAIR	19	59	1371	1.85	48	.61	.09	.0020
NED	73	61	377	1.57	32	.79	.15	.0008

Table 5. Factors Explaining Degree Centrality and Compensation

	Degree Centrality (log)		Compensation (log)	
	DM1	DM2	CM1	CM2
Intercept Non-Political Class	2.823	-.467	6.007	3.463
Intercept Political Class	3.090	-.467	5.295	3.162
Overall Intercept	2.957	-.467	5.651	3.313
	(.101)	(.046)	(.272)	(.273)
Education		.004		.021
		(.003)		(.014)
Age		.000		-.067
		(.001)		(.003)
Experience (log)		-.001		-.195
		(.006)		(.030)
Industry sector (avg. ntwk. comp., log)		.052		.470
		(.006)		(.033)
Company size (avg. ntwk. degree, log)		.707		-.139
		(.012)		(.082)
Gender (male)		-.025		1.191
		(.018)		(.091)
Board role (compensation, log)		.024		
		(.003)		
Friendship Network (degree, log)				.643
				(.073)
Number of directorships		.420		.140
		(.005)		(.042)
Variance due to Between-Group Differences	4.19%	.00%	3.87%	1.22%

Note: standard errors in parentheses.