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Book Reviews

Janine R. Wedel, *Shadow Elite. How the World's New Power Brokers Undermine Democracy, Government, and the Free Market.* New York: Basic Books, 2009.
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How do „Flexians" Weave their Net?

Questions about borders and the interlocking of the public and private are as old as discussions of the state. We are usually accustomed to easily distinguishing these spheres, although their overlapping is fairly common and takes quite diverse forms. One of the forms recognized best is corruption, i.e. the usage of public means for private purposes and the modern law systems developed ways to deal with it. Among legal forms we find private-public partnerships and lobbying. But there are still much less obvious cases that avoid easy recognition and judgment, like cronyism and the revolving door. In *Shadow Elite* Janine Wedel invites the reader to tour the cases from this "grey zone," though from the beginning it is clear that she offers as much guidance as she does monition.

Wedel is known to Polish readers mainly through her work *Private Poland*, which was written in the 1980s, and has recently been published in Polish. Her new book, though not directly dedicated to Poland, also has a twofold connection to its state and society. First of all—one of the chapters aims to describe the realm of Polish transformation and the unofficial rules that governed many areas of social and political life from the socialist times to today. These stories are presented to the reader as a "trial field," which Wedel claims began to catch the nature of shadow maneuvers of skillful players in the game of public life. Her first encounter with the importance of resourcefulness in everyday life dates back to the Fullbright scholarship, which allowed her to spend some time studying Polish social life under martial law. This experience made such a big impression on Wedel that she now praises it in allowing her to discover similar strategies adapted by certain groups in totally different contexts. One can say that the perspective she gained here became "contagious." While the Polish thread may be interesting, I will get back to it later in the review.

Similarly, as in the previous books, *Shadow Elite* is a work from a kind of "investigative anthropology"—as Jacek Kurczewski put it. It is not purely scientific and the

stories are indeed told rather in a journalistic manner—Wedel often does this by using catchy media phrases and quotes popular satiric television shows such as *The Daily Show* or its spin-off, *The Colbert Report*. Nonetheless, it poses some very interesting questions and tries to propose a kind of rudimentary theory to synthetically explain described phenomena. Central notions are: flexians and flex nets. As Wedel claims, they cannot be reduced to commonly used terms such as interest groups, cliques or old boy clubs on one hand and lobbying or corruption on the other. To explain what these new phenomena are, she tells several stories from different times and places—from Poland in the 1980s, the Iran-Contra affair, and privatization in Russia in 1990s, to the Neocon involvement in warmongering after 9/11 and the recent financial crisis.

One of the basic examples of flexian described in the *Shadow Elite* is the story of general Barry R. McCaffrey, originally told by the New York Times' David Barstow.[1] McCaffrey, a retired US Army general, became a controversial figure in his connection to the invasion of Iraq. For several years he served as government advisor and media expert, influencing public opinion through mainstream media channels (mainly supporting decisions of Bush administration). In the meantime, he was an employee of one of the companies trying to get a contract to arm the Iraqi Army. His access to media and governmental resources gave him the opportunity to seek business goals more efficiently from his employer . As Wedel explains, McCaffrey's actions were not illegal per se, but his conduct was dishonest. His actions consisted of role shuffling—he used the most convenient role in the fitting context. He played a retired military officer when he tried to influence the public, military expert when he advised the government and at the same time he utilized information and access to the officials for the advantage of his company. This is primarily what being "flexian" is about. Wedel stresses that usually there is no evident conflict of interest, that described strategy rests rather on a skillful management of "coincidences of interests." Another illustration is easily found in the conduct of Goerhard Schroeder, who advocated the Nord Stream pipeline project as the German Chancellor, later to accept Gazprom's nomination for the head of the shareholders' committee of the pipeline's consortium. This is summarized by the following quote: "In this episode, crudely put, one sovereign state bought chancellor of another state" (p. 6).

To further show instances of flex strategies, Wedel utilizes her previous studies, mainly the ones from the *Collision and Collusion*. She finds similar patterns of action in the history of what she calls "Chubais Clan" (involving figures such as Harvard's Lawrence Summers and Andrei Shleifer among others), which is depicted almost as a conspiracy group which was able to freely manage American financial aid to the Russian transition to market economy and, as a result of joint action, foster a pillage-style privatization (chapter 5). Members of the group, or "flex net" as Wedel calls it, in some aspects supplanted the Russian state and at the same time were able to successfully pursue their own private goals. They achieved this by diminishing the transparency and accountability of decision-making and by relaxing official rules.

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[1] "One Man's Military-Industrial-Media Complex," http://www.nytimes.com/2008/11/30/washington/30general.html?_r=3&em=&pagewanted=all

Similarly, as in other cases, it was possible due to the skillful blurring and switching of roles. What is distinctive about this story is the alleged solidarity of the players, thus creating the aforementioned "flex net." As we learn, they have shielded each other against accusations of corruption or other misconduct, so, in addition to unclear roles and involvement, this allowed them to dodge any serious consequences. Flex net also provided a "safe landing" for its members, as they helped each other claim both high private and government posts.

Wedel's accusations may seem very strong, though only some of them had been confirmed by court rulings. Final outcomes of the devised privatization strategy have been evident to the public and have received their own criticism, but *Shadow Elite* tends to present them as masterminded by the well organized few and stresses corrupt intentions of the players (private goals, usually harmful to society). Some of the laid arguments might be perceived as controversial by some readers, especially taking into account the fact that many of described figures are still important and active in the public life of their countries. Her accusations of being disloyal to the governmental institutions concern for example Henry Paulson in the context of AIG bailout and Goldman-Sachs involvement, Bruce Jackson in the context of inviting new countries to NATO and contracts awarded to Lockheed Martin, and most notably in the case of some of the influential right-wing politicians.

In a somewhat similar manner, as with the "Chubais Clan," Wedel unveils the net of Neocon (influential US conservatives from the circle of Richard Perle, Paul Wolfowitz, Douglass Feith and Elliot Abrams), which was at the focus of her latest study. She tracks the formation of its core from the Trotskyist beginnings, through to the involvement in Iran-Contra affair, to the influence on the George W. Bush administration (chapter 6). The linchpin of this "collective" (as Wedel calls it) is Richard Perle, who "connects people, brokers deals—circumventing bureaucracy via informal contracts like a Russian blatmeister—and holds salons in his home to discuss issues about which he and his circle are passionate" (p. 153). Unlike conspiracy, flex net is defined as partly open, both in terms of ideologies and acquaintances, but its strategies can prove effective only when they are invisible to the public eye. As it was shown by Laurence A. Toenjes,[2] a limited number of Neocons pulled the strings in more than a dozen influential organizations—a very similar structure to Chubais Clan, as Wedel observes. These included lobbyists, think tanks and various foundations, and at the same time Neocon had its representatives in high governmental offices and wide access to influential media. "Shadow Elite" depicts how those connections and access to diverse resources helped them accomplish their ultimate goal, i.e. successfully advocating the Second Gulf War.

Wedel claims that the mechanism, which she came across in recent years in United States, closely resembles what she observed in Central and Eastern Europe, especially in Poland (referred to as the "Wild East," chapter 3). During the transition, as soon as such possibilities arrived, many people started to play both in the field of politics

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[2] "U.S. Policy Towards Iraq: Unraveling the Web of People, Think Tanks, Etc.," http://www.opednews.com/toenjes_IraqPolicyWeb_withTables_July19.doc

and business, which allowed them to be more efficient at reaching private goals, often at the expense of public institutions (here, as a precursor flexian serves the figure of Alexander Paszyński). Polish flexians coming to being was due to the necessary adaptation to communist system, which forced people to exercise tactics which allowed them to circumvent official obstacles. Wedel recalls on her own experience from the early 1980s, when she was living with Polish family and witnessed how personal ties and resourcefulness helped the struggle with serious trouble. The circumstances pressured members of society to engage in what she calls "dirty togetherness," which in a broader perspective constituted the "grey," i.e. alternative economy. It also brought to life such "institutions" as "*załatwianie*" and "*układy*" (arrangements, well known Polish idiomatic expressions), which outlived communism by the principle of cultural inertia. Solidarity in such covert cooperations was self-enforcing due to fact that everyone involved knew about everybody else's "sins." Transition to free market and democracy changed the institutional setting, but not the adapted strategies. To show it explicitly, Wedel tells the story of Rywingate, strongly stressing the Ordynacka involvement. In her view it was a case of the privatization of power. With reference to her conversations with Lech and Jaroslaw Kaczynski as well as with Piotr Kownacki, she also points to "agencies" and "target funds" as instances of similar malignancy and sources of corruption (unfortunately she does not elaborate on this).

This book is mostly comprised of the stories mentioned. Wedel tells them skillfully so the narrative may easily appeal to many readers, especially to those interested in investigative writing. The way she tells it is not in an unemotional and distanced way, and she does not shun strong words and phrases (like "beast," "truthiness"[3]) in order to emphasize her warning. The latter concerns undermining democracy, government and free market by a new "breed" of power brokers (as it's expressed in the book's subtitle). As we already know, she calls this new class "flexians" and finds their common denominator in following traits: they are loyal not to organizations but mostly to certain people, they privatize information while branding conviction, they aim to relax rules thus creating a more favorable environment for their actions, and finally, they juggle roles and representations. In addition to those basic characteristics, Wedel depicts them as versatile, quick-witted and able to avoid responsibility. These kind of actors are supposed to be new, because their appearance on the public stage is connected with the changes that reshaped today's world, specifically: neoliberal redesign of government, the end of the Cold War, emergence of new complex technologies and employment of "truthiness."

Stories about misconduct of public figures retold in "Shadow Elite" have their own informative value, though Wedel's attempt to use them for shaping a coherent theory seems less convincing. *Shadow Elite* basically tells us that we are dealing with a genuinely new phenomenon, unprecedented during and before the Cold War era, and that although it may be similar to those already known, it has to be named anew. Secondly, it tries to warn about structural conditions that brought this phenomenon

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[3] I.e. dogmatic conviction. Word was coined by American comedian Stephen Colbert. It doesn't have direct Polish equivalent, but may translated as "prawdość."

to life, but does it using selective illustrations pertaining to diverse socio-political contexts, and thus different structural conditions. Both points invite discussion.

The argument that new kinds of shadow players emerged twenty years ago seems to have a rather frail basis, as even the author herself describes earlier events in similar terms (e.g. Iran-Contra affair). The warning is certainly valuable but described phenomena of unclear loyalty and intentions does not seem novel, and the same goes to the "truthiness," which is only new as a catchy term. Indeed, questions of loyalty seems to have become more relaxed nowadays by changing the potential area of the "grey zone," but not its very nature, (take the example of last year's Russian spy affair in the US which was commented on mainly in terms of political "embarrassment"). The role of complex technologies is also ambiguous. Wedel claims for instance that new media, contrary to the widespread belief that they promote democracy and transparency, can serve as a means of obscuring facts, because they allow for new ways of manipulating public opinion. In a way this argument resembles the classic "magic bullet" hypothesis form the 1930s. In the face of recent developments, such as the Wikileaks affair and the use of social networking during massive anti-government mobilization of "Wet Season of Nations" (seen in the recent uprisings in North Africa and Middle East), and also with the advancement in investigative journalism (manifested in rising popularity of politically and socially engaged documentaries), it is easier to contend that in the long run these serve as a better means for citizens to control authority. Of course means of spreading conviction are less centralized, but it seems justified to say, that the most effective manipulation tool is still television and it can hardly be called a "new, complex technology." Wedel's observation seems valid only in the case of economy, where control measures obviously do not keep pace with the financial innovations, but this doesn't support the arguments about the flourishing of "truthiness." In this matter, McCarthism set the bar very high.

A possibly more important question is whether or not "flexians" are really a "distinctive breed." The referred Rywingate affair, though full closure may not have been found, is obviously a case of attempted political corruption. Some aspects of Neocon and Chubais Clan histories can be described in terms of alleged cronyism and collusion and certainly in terms of interlocking directorate of nongovernmental and governmental organizations. As for the flexible switching of roles, in most cases they are connected with the so called revolving door. Hiring previously influential figures by companies and organizations is not uncommon (mostly for more efficient lobbying) and transfers are made in the opposite direction as well. McCaffrey's story is only specific because in addition to lobbying, he played the role of pundit in the media. However, as we have learned, in the end his multiple allegiance was disclosed. To describe a series of the role-swaps, another term is sometimes used: "institutional nomads." It was originally proposed by Antoni Kaminski and Joanna Kurczewska and neatly expresses the consequences of having constant political backing, which allows to easily gain consecutive sinecures. If we carefully study all the described cases, there may not be much space for anything completely new. Wedel argues though, that the "juggling of flexians cannot be equated with the "revolving door," in which people move serially between government and private sector (…) players can occupy more

roles than in the past and more easily structure their overlap to create a coincidence of interests" (p. 17–18). So, as we see, the key difference seems to lay solely in the existence of the multiplicity of roles and ties and despite this, we find somewhat diverse phenomena (corruption, cronyism, collusion, revolving door etc.) serving as illustrations of something that it supposed to be coherent.

What *Shadow Elite* tries to deal with seems very "partisan" in its nature. A closer look at the actions of common political players reveals that they share most of the traits with the "flexians." They are loyal to certain groups of people (not the institutions in which they "settle" for a limited time), and they spread ideals and conviction, while they actually strive for power (or influence) and keep some key information to themselves. Clearly, as they have the access to legislature, they are also able to shape the rules to their advantage. The key difference lays in the fact, that if someone gets a label of "politician," it dominates over any other, which then makes it impossible to juggle roles. Still, there is a wide category of people who do not have any obvious political affiliation but posses strong political ties or at least sympathies. Even in Poland it is easy to present cases where experts, who are supposed to be impartial, in the end expose their political preferences. The same goes for media, academics, bureaucrats and others—a careful analysis of public life may have trouble fully distinguishing objective and impartial pundits. All of public life is in fact interwoven with political themes and ties so, one may say, most of the individuals who take an active part in it at one time or another become "flexians." Additionally, they always have multiple ties and therefore create the "flex nets." Meanwhile, the notion of "flex net" has a distinct mafia-flavor, and seems close to what is often called "*sitwa*" or "*układ*" in Polish. In the end, the distinction between flex nets and all the other nets lays in the interpretation of motives and intentions of its members. It is possible that the only way that we can firmly distinguish flexians from common public actors is to villianize them first, however this would draw dangerously close to a conspiracy theory.

Wedel does not cross that line and despite some vagueness described above, she makes interesting and valid observations. Maybe the most valuable discussion comes in chapter 4, concerning the institutional evolution of the American government. Here, the focus of attention is contracting out, a practice which, as the book enlightens us, was sanctified by the neoliberal "Reagan revolution." The rationale behind this practice involved efficacy and leaning of the government. It has drawn the attention of political scientists as early as in the 1970s, and was accused of creating a "shadow government"—a de facto branch of state that lies in private hands. Wedel stresses that contracting out lessens the accountability and at the same time undermines the rules of free market. It became a subject to serious consideration since three fourths of governmental work in some areas is now contracted out and includes not only goods, but more often services (which are harder to oversee).

Contracting out became more available during the Clinton presidency, when new legal foundations were put in place, but it was not fully utilized until the George W. Bush administration, especially in connection with Second Gulf War. To show possible dangers, Wedel gives an example of CACI, a company that worked on data processing for the government in Iraq, but became known to the public mostly be-

cause its employees were involved in the Abu Ghraib prisoner abuse. It is perceived as an example of how a long lasting cooperation with private partners effectively incorporates them into subsequent tasks, often not suited for "outsiders." The role of contractors becomes more substantial as currently they participate in bailouts, choose and hire other contractors, have control over other contracting companies, collect sensitive data and take part in military operations. As Wedel points out, this gives them a chance to act on both the supply and demand sides of contracting. In this way, it diminishes market competition and maintains effective control over its activities. The fact that it creates a situation where public and private employees work hand in hand may also endanger the quality of civil service as they are supposed to reach common goals, yet they are bonded by different formal rules and are expected to possess distinct work ethics. According to Wedel, all of this generates a wider area for the "shadow zone."

This part of the book can in fact be interpreted as a voice in the dispute over models of government, more precisely, its flexibility versus stable bureaucracy. Wedel is opposed to the first one, because it creates favorable conditions for "flexian strategy." She underlines attached perils, although she does not discuss possible advantages. A good example is IDIQ—a kind of governmental contract that provides an indefinite amount of goods or services for a certain period. Wedel criticizes it mainly for creating opportunities and for prolonging cooperation and partial decisions by favoring certain companies and being less viable for scrutiny. It is competitive only on the seed project stage but later commissions are non-competitive. What are not discussed are the advantages of IDIQ for the state, such as in lowering transactional costs. In many cases it is convenient for the governmental side as it does not pose a minimal volume of commission. In some cases this allows the government to exploit private companies who invest in getting contracts but later on do not have to receive expected commissions. There are at least some instances where IDIQ is praised, but "Shadow Elite" focuses on its downsides. As before, stress is laid on higher dependence on personal integrity of incumbents and harder monitoring of their conduct.

All in all Wedel's book, though it presents us with the scattered evidence and therefore can hardly serve as proof of a single driving force, provides a valuable warning. It shows what perils come with the recent developments at the border of public and private spheres. Arguments about the new class of flexians may not convince many of the readers because it puts "Shadow Elite" in the Millsian tradition, and therefore many of the well-known arguments for and against it seem to apply here. Authors claims that compared to Millsian pyramidal power structures, flex nets leave even less space for real democracy, hence putting societies in greater danger than before, as with all globalized and more technologically advanced phenomena. But as it was already noted, *Shadow Elite* serves also as a voice in the discussion about the institutional shape of the state. It intends to show the lack of adequate public control in some areas (over reliability of broadcast, in private contracting, etc.) and urges politicians to consider even higher flexibility and to rethink current weak policies of auditing. This longing for more control and for some kind of more evident loyalty to the state seems to be a underlying theme of the book. It's one of the rare voices in

favor of the traditional Weberian, bureaucratic model of government. But this may be for a reason. As Jacek Tarkowski put it many years ago, "No matter whether we like it or not, 'weberian norms' don't apply to politics (especially the higher order of politics) or applies only in a limited and selective way" (Tarkowski 1994: 108).

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