

Meet The Flexians

Something has taken over the institutions Americans used to trust. A new professional class of movers and shakers—people who serve multiple, overlapping roles in government, business, and media with smiling finesse—has scrambled old mechanisms of accountability and come to control the flow of power and money in Washington and on Wall Street. The anthropologist Janine Wedel is bent on making us understand just how dangerous this new normal can be. **By Lisa Margonelli**



ONE SUNDAY LAST MAY, anthropologist Janine Wedel was standing in the security line at Washington’s Reagan National Airport, about to embark on a few days of field research among members of an enigmatic modern tribe. She was, to be precise, on her way to a hedge fund industry conference in Miami Beach. A petite woman in her early 50s with large, hazel eyes, Wedel wore a pink dress, heels, elaborately coiffed hair, and conservatively thick makeup. She was a picture of nonthreatening propriety, costumed to move among the financial elite just as an old-time anthropologist might have worn a sarong to study inhabitants of the South Pacific.

A professor at George Mason University, Wedel has spent nearly two decades combining the tools of anthropology—old-fashioned ethnographic field research and social-network analysis—with computational social science to study one of Americans’ favorite fears: corruption. A 2012 Gallup poll found that 87 percent of Americans thought it was extremely or very important to fight corruption in the federal government, second on their list of priorities behind “creating good jobs.”

But what exactly is corruption? In an inverse of the way the Inuits of Nunavik supposedly have 53 words for snow, Americans use the word *corruption* to collapse dozens of distinct types of badness, ranging from bribery to fraud, extortion, vote fixing, drug trafficking, embezzlement, favoritism,

prostitution scandals, money laundering, poorly monitored campaign contributions, and tax evasion. Corruption is such a vague category that its best definition is circular: Corruption is the stuff that crooks do.

Judging from public opinion, you might think that America is crawling with corruption. Survey after survey finds a precipitous falloff of trust in big institutions: Congress, the banking industry, religious institutions, the media. And yet going by some of the narrower definitions of corruption, the United States doesn’t have much of it. The World Bank basically equates corruption with bribes, and estimates that the world loses a trillion dollars to them every year. But the U.S. doesn’t have a big problem with bribery. According to a 2013 report



CADE MARTIN

by Transparency International, only 7 percent of Americans surveyed reported paying a bribe in the last year—well under the global average of 27 percent. So what is wrong with us?

Across the political spectrum, there is a sense that something has taken control of the institutions that we used to trust. According to Wedel, that something is a new class of power brokers with a new set of cultural norms. Wedel calls these power brokers “flexians.”

A flexian, as Wedel defines the term, is a creature peculiar to our moment in history: a mover and shaker who serves multiple, overlapping roles with smiling finesse—business consultant, think tank fellow, government adviser. He is someone who “glides in and around the organizations that enlist his services,”

she writes in her book *Shadow Elite: How the World’s New Power Brokers Undermine Democracy, Government, and the Free Market*. “It is not just his time that is divided. His loyalties, too, are often flexible. Even the short-term consultant doing one project at a time cannot afford to owe too much allegiance to the company or government agency. Such individuals are *in* these organizations (some of the time anyway), but they are seldom *of* them.”

Flexians aren’t people furtively violating the law by stuffing cash into a freezer or promoting their cousins. They are a professional class obeying a new, elite social code that practically requires bending old rules.

For an example, look no further than that TSA line. See the full body scanners? Thank a flexian. While Michael Chertoff

was serving as the head of Homeland Security in 2005, the department purchased five Rapiscan body scanners. When he left government he formed the Chertoff Group, and Rapiscan became a client. After a Nigerian man with explosives in his underwear attempted an airplane bombing on Christmas Day 2009, Chertoff appeared on CNN and elsewhere, advocating strongly for more scanners. The TSA put in an order for 300.

In Wedel's analysis, Chertoff is a classic flexian, using his former role as a government official to enable his work as corporate champion, without always being upfront about his interests during his TV appearances. Were scanners what we needed to make flying safe? Was Rapiscan the best choice? Was it the best price? Who knows? All we know is that Chertoff was there, ready to position himself as a kind of fixer, spinning the interlocking gears of public fear, private interests, and Congressional appropriations.

Flexians are everywhere, once you start looking. As it happened, Rapiscan's lock on U.S. scanner contracts was broken by L-3 Communications, maker of a competing body scanner, whose lobbyists included former FAA official Linda Daschle. By late 2010, the government had spent \$39.7 million on L-3's units. Daschle, of course, is married to Tom Daschle, a former senator who helped convince President Obama to set aside stimulus dollars for digitizing medical records—then advised private clients who were poised to profit from that money. He wasn't registered as a lobbyist, but he did have a perch as an expert with the Center for American Progress.

Wedel, knowing the story behind the scanners and feeling they weren't adequately vetted for safety, had no intention of walking through one. The TSA agents told Wedel she'd have to wait for a pat down. As the minutes ticked by, she started worrying about missing her flight. She didn't think the old methods of insisting on her rights would work. So the deceptively demure, pink-clad anthropologist, dressed to blend in among the financial elite, did something bizarre, conspicuous, and calculating: She began singing *The Star-Spangled Banner* at the top of her lungs. She figured the last thing the TSA wanted to read was the headline "Woman Arrested For Singing National Anthem." In less than a minute, the agents sheepishly patted her down. And just like that, she blended back into her surroundings and went on her way.

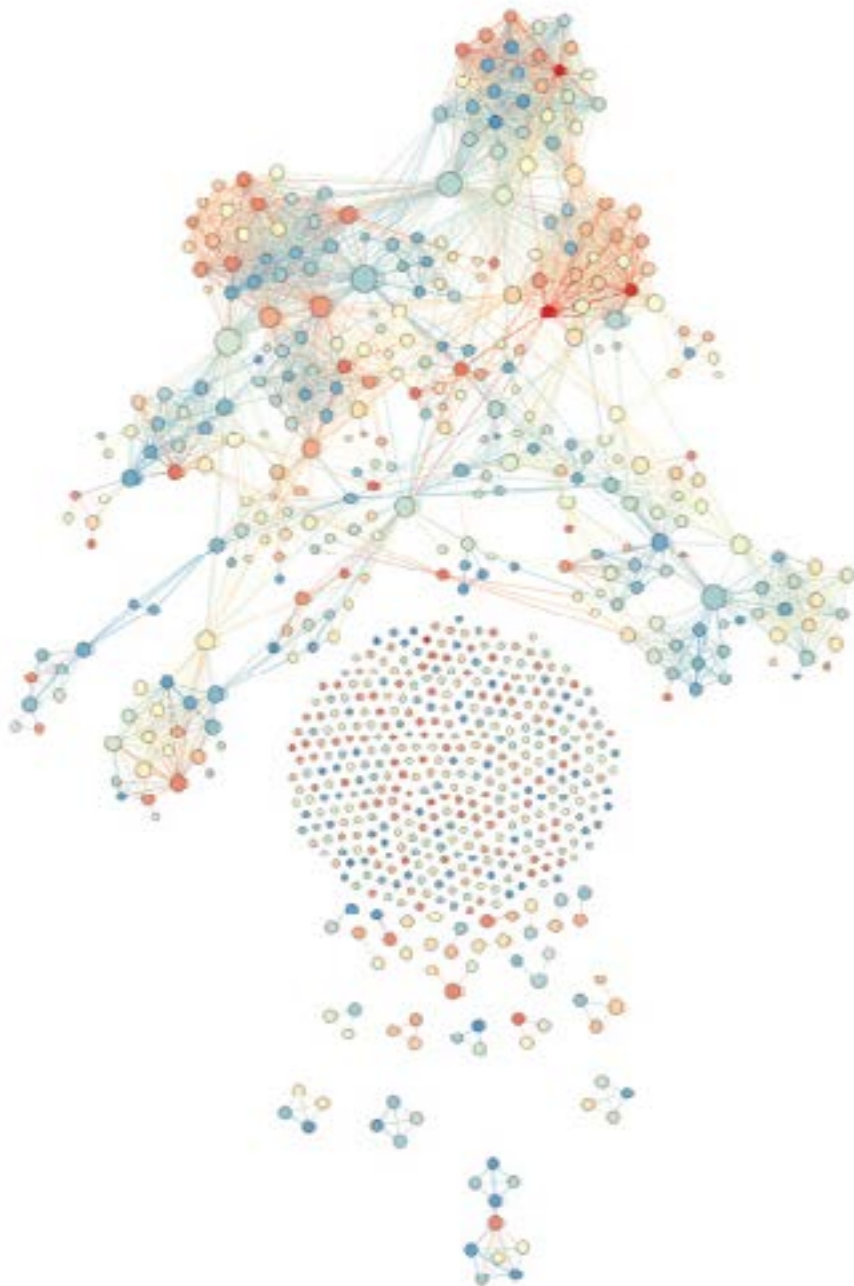
WEDEL GREW UP AMID the wheat fields of Kansas, on the campus of Bethel College, a Mennonite institution where her father was a math professor. Bethel was a place where young Mennonites playfully, ritualistically pushed against the strict expectations of their culture in the form of pranks. Students put cows in the library; they stole chairs from the dining hall and hid them so well that the whole school ate sitting on the floor for days. The best pranksters, Wedel recalls, knew the rules well

enough to bend them gently, playing with the group's trust in a way that didn't alienate friends but brought them together. "In order to do pranks you have to be able to scheme and devise a way around the system," says Wedel. "They pried the lid off of everyday life, and they showed that rules are socially constructed and can be violated." Pranks could be many things—a criticism of the rules, a hat tip to the order they create, and a wink at the audience all at once.

Years later, as a young graduate student doing anthropological research in Europe, Wedel discovered an unlikely echo of those campus pranks in life behind the Iron Curtain. It was the early 1980s and Poland was under martial law when Wedel began to study the small tricks its citizens used to navigate and subvert the communist bureaucracy and economy. One of her favorite subjects was a formidable landlady she called "Mama," a survivor of a Siberian gulag who was an expert at cajoling scarce food from vendors and laying on charm when the state police visited in the middle of the night—a set of skills she called *zalatwić*, or finagling. Mama's maneuvers worked because she (and the many others using such practices) carefully managed how she appeared in different contexts, and she was expert at plumbing her environment for inside information on when, say, the next shipment of mineral water was due. These tricks, practiced by everyone at all levels, eventually helped to undermine the Party's hold on power.

In the late 1980s Wedel returned to Europe—and found that the original network of pranksters and schemers had become postwar Poland's rising power elite. When she visited officials in the new government, they would hand her multiple business cards—one for their government position, another for their consultancy, and another for a "foundation" or "NGO" they had started. "Sometimes these entities even did business with the government offices these officials supervised," Wedel writes in *Shadow Elite*. In the power vacuum left by the collapse of the one-party system, these players subverted the crippled authority of the state for their own ends. They seemed exotic, taking advantage of loopholes and opportunities that were unique to the time and place.

But in fact, it wasn't just in Poland that this was happening—nor was it only Central Europeans who were learning to fill the power vacuum. Foreign economic aid advisers had even gotten in on the game. In 1994, Wedel followed them to newly post-communist Russia, where she started to study what had happened to hundreds of millions of dollars in U.S. aid given to the nation for market reforms. In a largely unprecedented move, Lawrence Summers, who became an undersecretary for the Treasury in 1993, had outsourced a key element of U.S. economic foreign policy to a private institution, putting the management of economic reform in Russia in the hands of the Harvard Institute for International Development. Guided by economist Andrei Shleifer and Jonathan Hay (who had recently



TANGLED WEBS

This map shows the business associations of retired generals and admirals. The red dots are people who retired in the 90s; the larger blue and green dots are more recent retirees—and their many affiliations. Data is partially from a *Boston Globe* investigation.

It used to be that senior military officers retired to a life of golf and charity work. But by the 1990s, about half of them were going to work for defense consulting firms or defense contractors. Between 2004 and 2008, 80 percent of retiring three- and four-star generals went into defense work.

graduated from Harvard's law school), the institute and its network of academics worked closely with a set of Russian counterparts known as the Chubais clan, after the high-level Russian power broker Anatoly B. Chubais.

These characters were just playing a much more sophisticated version of the multiple-business-card game. The reformers were, at once, academic experts, directors of millions of dollars in U.S. aid, government-sponsored privatizers of former Soviet industry—and investors in the newly privatized companies. In a foretaste of her flexian research, Wedel traced their overlapping roles for a book called *Collision and Collusion: The Strange Case of Western Aid to Eastern Europe*, which won a Grawemeyer Award for ideas improving world order.

But oddly, having their multiple loyalties brought to light didn't spell the downfall of these proto-flexians. In 2000, Shleifer, Hay, Harvard University, and others were sued by the Department of Justice for \$120 million. Allegations included defrauding the government, using U.S. aid to create a regulatory infrastructure, and profiting from investing in the securities market. The case ended, in 2005, with Shleifer, Hay, and the university paying a combined total of about \$30 million, and the entire Russian aid project went down in history as a scandal. And yet, Wedel notes, the academics associated with Harvard's post-Soviet misadventure seemed to "fall up." They kept their professorships, won important prizes, got the ear of Congress and the President, and at the moment Summers is being considered to head the Federal Reserve.

America, Wedel realized, was also an increasingly wide-open frontier for the multiple-business-card set. While Russia was slashing and downsizing its mammoth Cold War state apparatus in the 1990s, the United States was doing much the same. Beginning in 1993, Vice President Al Gore spearheaded something called the National Performance Review (later renamed the National Partnership for Reinventing Government), a program that billed itself as an effort to restore the public's faith in government, but which had the effect of eviscerating large chunks of the state and its ability to oversee contractors. Particularly hard hit, thanks to this program and mandates from Congress, was the federal workforce that manages government contracts. In the Department of Defense alone—to name one particularly large bureaucracy—the ranks of "acquisition officers" declined by 50 percent over the course of the '90s. In short order, the now greatly reduced contracting staffs of many agencies found themselves overwhelmed with a tidal wave of new work, as the government, especially under the administration of George W. Bush, began to rely on—what else?—outside contractors to an unprecedented degree. In a bonanza, contracts were handed out for everything from running intelligence operations to controlling databases to drafting official documents. Even policy was outsourced to think tanks and academic

institutions and "federal advisory committees," which the Government Accountability Office calls "the fifth arm of government."

Around this time, waves of deregulation, proffered with the aim of creating greater economic efficiency, had swept across industries ranging from banking to utilities. Huge leaps in information technology and communication served to increase the complexity of those industries, opening new opportunities for those who understood them.

Today, Wedel says, data shows that three out of four people doing federal work are private contractors. In 2000, the bill for their goods and services was about \$200 billion; in 2011 it was close to \$540 billion, according to government information. Cost overruns have become endemic—and for many contractors, presumably, part of the game.

Plenty of people have cataloged the problems of government contracting, but few of them see the world quite the way Wedel does. In her view, the historical transformations of the post-Cold War era—both here and abroad—have made statecraft all the more reliant on what anthropologists call "informal networks": groups that are transparent only to themselves. The resulting distribution of power is reminiscent of Poland. "In the Polish communist state as I witnessed it, informalization counted for so much. The state had the power officially, but it was really the party and the networks of people that made things work," Wedel says. A similar informalization of power is sweeping across the world now, as she sees it, spurred along by the growth of executive power and the pervasive reliance on contractors. "In the name of solving the financial crisis you see these informal, ad hoc processes, with these elites—who have been in official positions but also private ones—who are overriding standard bureaucratic and democratic processes," she says. Wedel points out that the power to spend \$700 billion in taxpayer money to save the banks that were considered "too big to fail" was given to two former Goldman Sachs executives—Treasury Secretary Henry Paulson and an assistant secretary, Neel Kashkari—who were given executive powers that allowed them to glide past the time-consuming disagreements of the democratic process. They were, of course, experts in a complicated and essential industry; surely only someone in the know could navigate such a crucial and complicated problem. But it's an irony of surpassing richness that these titans of business had to use the government to save the "free market"—and worth noting, Wedel suggests, that the communist state fell apart when it had a similarly farcical relationship with its own ideology.

Today, Wedel's office at George Mason in Arlington is a jumble of file cabinets, file boxes, and folders upon folders devoted to players in national security, academia, and the financial world—nestled next to books of theory like Foucault's *Discipline and Punish* and *The Power Elite* by C. Wright Mills. There are no less than eight piles on her desk, including one



PARTY'S OVER

While studying the tricks of informalization and the Polish communist state, Wedel laid a kiss on Lech Walesa.

under the landline and another on top of it—material for her next book on the new corruption. There is a curling iron, a Bostitch stapler, a yellow bottle of “Texas Bullshit Repellent,” and a photo of a young and glamorous version of herself kissing a surprised and seemingly delighted Lech Walesa on the cheek. The Wedel who prankishly smooched Walesa has become a disciplined communicator. As I sit in her office, she speaks in well-formed short paragraphs, and sometimes I can imagine a cursor blinking in her mind as she corrects her wording mid-sentence.

As we were talking, Wedel’s phone rang. It was another reporter, who asked her whether the U.S. economic consultants to Russia back in the early 1990s had worked for the CIA. After hanging up, Wedel suggested that the reporter’s question had been not only off base—the advisers had no CIA connections Wedel knew of—but old-fashioned. It was a relic of the days when the American public and the American elite were, roughly speaking, on the same side; our spies had to infiltrate the elites on the other side of the Iron Curtain, and vice versa. But in the post-Cold War world, all the elites are intertwined, and the rest of us are left on the outside. “I don’t know why they’d need to be in the CIA,” Wedel said of the Harvard reformers in Russia. “Those guys *were* the intelligence.”

SINCE THE 1950S and ’60s, the cultural influence of anthropology has waned precipitously. Today, we don’t look to anthropology for insights about democracy, policy—or even obesity. In our numbers-driven age, today’s most influential social sciences derive their cultural and political authority from data and formulas. “The study of public policy is dominated by economic models,” says Wedel. “But policy decisions and implementation can’t be adequately mapped without context. Part of that context is who the players know—and who is influencing them. Anthropology is well-equipped to explore this.”

Wedel is referring to both a general movement of as many as 1,800 anthropologists who’ve joined an arm of the American Anthropological Association devoted to policy she helped cofound a decade ago, and more specifically her own network of academic collaborators. One afternoon, she invited me to a meeting of a multidisciplinary team that she calls the Shadow Influence Project—a group working on illuminating how networks of people influence the flow of power and money. Carrying a picnic basket of water bottles and Polish chocolate, she ushered me into a nondescript conference room at George Mason. The team, consisting of a computational social scientist, several database researchers, a financial expert, and Wedel, meets every month or so to sift through databases based on government filings that detail financial transfers between big public pension funds and hedge funds. (The information was given to them by the Foundation for Fund Governance.) “It’s not clear how the transfer of money from pensions is happening and what the risks are,” Wedel explains. “My purpose in looking at hedge funds is that I want to see how this world works and how information flows by trying to connect the dots.”

Maciej Latek, a tall, Polish-born computational social scientist whose day job is creating risk models for contentious environments like international borders, stands at one end of the table in a pressed oxford shirt and tapered blue jeans. He projects a diagram, or what anthropologists call a network map, of dots and lines onto the wall. The map depicts all transfers exceeding \$50 million that occurred between 2009 and 2012 from pension funds to hedge funds, showing the origins, destinations, and size of the transactions. It reveals a dense web, with many thin lines representing relatively small transfers and a few thick, ropy lines representing billions of dollars. The graph reveals a story of precariousness: The proportion of U.S. public pension funds—money saved and invested by millions of public employees—in hedge funds has grown from 1 percent to 12 percent over the last 11 years, and a few pension funds have invested as much as 29 percent. All the while, the hedge fund industry has been moving money freely to offshore accounts that operate by different rules than those that apply to U.S. funds.

Latek projects another graph onto the wall, this one showing the governance of offshore hedge funds. Hedge funds registered in the Cayman Islands are required to have two directors who sign off on all trades, to be sure the fund is working in the interests of investors, not managers. On Latek’s graph is a series of lines connecting pension funds to hedge fund directors—but there are many more funds than directors. One man is a director of no less than 362 different hedge funds. The data seems to say that some hedge funds have little oversight—that your high-school civics teacher’s nest egg is in an unguarded henhouse. With a pained half-smile, Latek calls the graphs “a portrait of riskiness.”

Is the entire system of fund directors a contrivance, a joke that the industry is in on but the public is unaware of? Latek spits out a question: “What’s the value of a governance structure that’s not providing governance?” The maps lay bare how deeply the retirement funds of ordinary people are enmeshed in an investment scheme that few outside the financial industry understand.

If the Shadow Influence Project operated like some cast of *CSI: Arlington*, its members would begin to assemble a paper trail so they could find a crook to prosecute. But Wedel’s team hopes to isolate certain patterns that might eventually predict where violations of the public trust are likely to occur, not chase them down after they’ve happened. To do this, they’re looking at all these government filings and databases through the lens of tried and true anthropological thinking about networks. Among others, Wedel cites the work of the 1950s anthropologist Elizabeth Bott Spillius, who researched the social networks of married couples. Bott discovered that when husbands and wives have close-knit networks of friends and family, the networks create a set of norms that dictate how the couple might act toward each other. More broadly, Bott found a way to examine the effects of peer pressure—the ways in which close groups of people establish their own moral reality that influences individual behavior.

So what, then, was shaping the behavior of these hedge fund players? Why are these people risking their reputations—and other people’s money—by using overcommitted phantoms in the Cayman Islands? Simple greed seemed an unlikely explanation. Perhaps it was fear of losing out on deals? Wedel and her colleagues speculated that a group dynamic might be at work—that the dots on their graph might represent friends.

Wedel and her group are hoping eventually to build computer models that can anticipate where violations of the public trust are likely to occur. But big data, she hastens to point out, can only get you so far: “The idea that we can know what’s going on in society by looking at these huge datasets is really oversold.” Past a certain point, the only way to figure out what kind of group dynamic is influencing hedge fund players is to go out into the field and meet some of them. Which was why Wedel headed off to the conference in Miami Beach: to find out who knows who, and connect the dots herself.

I called Wedel after the hedge fund conference and she described Miami Beach as an alternate reality of sun and money and high-end hotels. She was still mulling the interviews she’d done, but was also disoriented by how the people she interviewed were hard to pin down. Simple questions like “Where are you based?” turned into discussions of multiple houses and “one foot in the Caymans.” Business names were another issue: The hedge funds had easily recognizable brand names, but the shell companies they used for international transfers

were the very opposite of brands. “There were stories of people using slightly different variations on their names so you can’t Google it!” she said.

WHAT THE SHADOW INFLUENCE PROJECT’S maps show is that networks of individuals can rapidly create what *feels like* a new normal, a new way that business—public and private—is done. Latek showed me a map he made of retired U.S. generals and admirals and their associations with private companies. It used to be that senior officers tended to retire to a life of golf and charity work. But by the 1990s, about half of them were going to work for defense consulting firms or defense contractors. Between 2004 and 2008, 80 percent of retiring three- and four-star generals went into defense work, according to a *Boston Globe* investigation. Many of them also retain advisory positions with the military, sit on think tank and foundation boards, are college faculty members, hold consulting gigs, are on the boards of private equity firms, and appear on television and radio as experts.

In 2008, a *New York Times* investigation revealed that General Barry McCaffrey, a retired four-star general who had been appearing on news shows as a war hero and professor, was working for the Pentagon as a “message force multiplier,” and at the same time getting consulting fees from a company that hoped for Pentagon contracts. But McCaffrey just happened to get exposed. Latek’s graph shows that generals who hold multiple overlapping roles are more the norm than the exception. Wedel points to the people at the center of some of the clusters and notes that “it’s asymmetric. You can tell who has influence and how dense these cliques are.”

Most of the powerful generals on the map have a single cloud of dots—a cluster of friends, associates, and connections—gathered around them. But a few show collections of dots on either side of them, the two clusters resembling the two ends of a barbell. These generals seem to be deliberately keeping two groups of associates separate—thereby establishing themselves as a valuable bridge between two worlds.

These informal networks, in all shapes, may help explain why some projects are so “sticky,” despite balance sheets that show high costs and low returns. In one \$20 billion U.S. military program, Wedel’s group found that three-quarters of the companies that were contracted by the government for the project had hired retired generals—who then had connected the organizations to each other. The generals formed dense, multi-generational networks with strong ties to each other that may have kept the program alive even as it was losing supporters elsewhere.

Wedel points out that the older models of power and influence, which have been used since C. Wright Mills wrote about the traditional pillars of power in 1956, do not focus on the influence of networks. “What’s important is how in-

The social norms about what is okay are less defined than they were even five years ago. When you have overlapping roles, you alone decide which institutions to be loyal to, and which rules of conscience to follow.

dividuals and networks are players across organizations and projects.” Mapping out the power elite’s influence, in other words, is more complicated than ever. Revising our models of power to include networks is a first step toward holding elites accountable, muting their influence, and increasing the role of transparency and democracy in government.

HAVE YOU NOTICED, by now, that we’re all becoming flexians? That we are constantly being exhorted to be more flexy? An article in *Fast Company* last May, titled “Tomorrow’s Leaders Will be Flexible, Selfless, and Ready to Collaborate,” revealed that 81 percent of respondents, in a survey of 64,000 people in 13 countries, agreed that “power is about influence, not control.” Approvingly, the authors noted that a majority of those surveyed would rather have 100 new social network friends than \$100. In early May, Thomas Friedman gleefully heralded social networks in his *New York Times* column, writing that, “If you are self-motivated, wow, this world is tailored for you. The boundaries are all gone. But if you’re not self-motivated, this world will be a challenge because the walls, ceilings, and floors that protected people are also disappearing.” Go forth, young person, and flexinate. Being flexible and working all your connections to build influence—all while keeping your Facebook profile free of drunken selfies—are such ubiquitous lines of advice to college graduates that they’ve become a cliché.

This article itself is a flexian production: I met Wedel when we both had fellowships at a nonpartisan think tank called the New America Foundation in 2007. I think we became friendly because we shared a kind of irritated curiosity about how the system worked, and we were among the few female fellows at the time. (This was a few years before Sheryl Sandberg—whose network map would show that she worked for Larry Summers before going to Google and Facebook—exhorted women to “lean in” to networks of influence.) We went out for lunch and I stayed in Wedel’s guest

apartment a few times on trips to Washington. This spring, I asked Wedel to give me a more formal introduction to her Shadow Influence Project. After I attended the meeting with her collaborators, we talked at a café in Arlington, Virginia.

I asked if it was possible to be an accidental flexian. Yes, she said; many effective people excel at playing multiple roles, and they’re not necessarily unethical, or wrong-hearted. Wedel imagines it’s even possible to be part of a flexian network that does good. But the social norms about what is okay are less defined than they were even five years ago. When you have overlapping roles, you alone decide which institutions to be loyal to, and which rules of conscience to follow.

Wedel began to talk about the difficulty of predicting how people will act when they find themselves in new situations where the old rules don’t apply. She put down her fork with a start, and used a bleak comparison: “We never know how we’re going to behave in a concentration camp until we’re actually in a concentration camp.”

Wedel’s pronouncements can sometimes seem shocking in the U.S., where people generally assume that a form of idealized democracy will prevail. But there was something I still didn’t understand: I could grasp why Mama, the small-time Polish operator who starred in Wedel’s first book, would subvert the power of the state bureaucracy for milk or soap, but why, I asked, did American generals or financial advisers subvert the democratic system that had rewarded them so well? Wedel was quiet for a few moments. Generals and advisers are acting in a way they think is reasonable, she said. They see themselves as vital to getting business done, and moving things forward in a world where the old ways are passé.

“Look at the European Union economic crisis—there are a few key players making decisions and thereby rendering almost irrelevant democratically elected governments. It’s done in the name of efficiency. And expediency. And getting things to work.” It is the new business as usual. ★

Lisa Margonelli is a contributing editor at Pacific Standard.