



## Untold stories of elite power brokers

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## BOOK REVIEW

### Untold stories of elite power brokers

**Unaccountable: how elite power brokers corrupt our finances, freedom, and security**, by Janine R. Wedel, New York, NY, Pegasus Books, 2014, 386 pp., \$27.95 (hardback), ISBN 978-1-605-98582-4

Elite corruption is by no means a new problem, and in her new book titled *Unaccountable*, Janine R. Wedel acknowledges that this has long been ‘committed by public-sector bureaucrats, with the typical act of corruption being a bribe’ (p. 91). The focus of *Unaccountable*, however, is new forms of corruption and how this gives rise to pervasive public mistrust, evident in countries as different as Brazil, Turkey, Ukraine, and the US (Wedel 2015).

Wedel writes of a ‘sea change’ in the nature of corruption. In the US, for example, ‘three quarters of the people working for the federal government actually now work directly for private companies’ (p. 24). In 2015, at least 18 former senators and House members, who served in the last Congress and either retired or resigned, ‘have signed on with lobbying and consulting firms, trade groups, law firms and other organizations with business before the federal or state governments’ (Schouten 2015). In an interview for the *Real News* network, journalist Steve Horn discusses emails retrieved from Hillary Clinton’s private server and posted on the State Department website indicating that coordinators from Clinton’s office promoted the privatization of the oil and gas industry in Mexico. Now working in the private sector, these same coordinators are ‘profiting from the very privatization situation that they created in Mexico’ (Horn and Peries 2015). I will come back to the significance of this last point below, but for now it can be noted from these examples that these elite power brokers, many of whom are former government officials now working in the private sector, have ‘come to prominence’ among consultancies, academia, government, business, media, and think tanks from around the world (Wedel 2011, p. 149). Moreover, their lobbying tactics are not merely difficult to document, they are also legal (p. 11). The key issue then, according to Wedel, concerns the elusiveness of these actors and practices, because although ‘the very power of these power brokers’ (p. 26) resides in the realm of private interests, their unaccountability triggers public frustration which is directed at governments, bureaucrats, and political leaders.

The unaccountable often play overlapping roles in a variety of arenas. Some have an executive role with a title like ‘strategist’ or ‘adviser’ or ‘government affairs specialist’ (p. 53); some are connected to consulting firms, academia, media corporations, or think tanks. In contrast to the power brokers of old, these people are ‘less visible, and more global in reach’ (p. 64). Elite power brokers are increasingly using non-state organizations such as government contractors, consulting firms, think tanks, and advisory boards to push through policy agendas. However, this does not ‘necessarily make them unethical or corrupt’ (p. 267). In many cases,

their behavior is both elusive and legal, so that ‘invisible corruption ... has become business as usual’ (p. ix).

This situation raises several serious questions: how to explain unaccountability and elite corruption in the new contexts; whether, and to what extent, elite corruption and elite power brokers are interconnected; how to distinguish elite corruption from petty misdemeanors; and how to make the unaccountable accountable.

It is these questions that set the scene for *Unaccountable*. Wedel is an anthropologist and professor of international commerce and policy at George Mason University, and in this book she explores how elite power brokers are infiltrating every level of public life; she reveals their influence on public policy decisions; and she makes practical suggestions as to how to address the problem of unaccountability.

Based on cases from Poland in the 1980s and the US, the first section (chapters 1–5) argues that the conventional anti-corruption system no longer works because the new breed of elite power brokers ‘conflate official and private interests without violating the law’ (Wedel 2011, p. 149). Chapters 6–9 examine manifestations of unaccountability by looking at different contexts whereby consultancy firms, think tanks, universities, NGOs, and grass roots organizations promote public policies to suit particular interests. Academics with expertise in economics or finance, for example, can use the notion of scholarly neutrality as a masking device, while acting on behalf of undeclared interests in the private sector. Wedel sorts the unaccountable into the two categories of ‘shadow lobbyists’ and ‘shadow elites’. The former wield influence, though they do not register as lobbyists, while the latter attempt to persuade legislators to ‘pass laws or enact policies that will benefit a particular group’ (Wedel 2012, p. 483). The final section (chapter 10) considers what can be done to deal with the problem of unaccountability, and in particular the urgent need to ‘restore public trust’ by ‘reuniting ethics and accountability’ (p. 259).

Overall, Wedel makes four main contributions to the existing literature on corruption. First, as she reveals, the new power elite are networked and do not work in isolation. A review of former congressional aides to Wisconsin members of Congress, for example, shows that at least three dozen former staffers are now working for organizations aiming to influence the institution they used to serve (Smith 2012). To a large extent, they have been profiting from the conventional understanding of corruption, such as ‘a corrupt lawmaker receiving a bribe from a company to get favorable legislation enacted’ (p. 265). Wedel makes the point that this model of anti-corruption ‘breaks down in the new era, in which relationships are multiple and moving while organizational boundaries and missions are blurred’. Otherwise put: ‘today’s influencers ... are more subtle in their dealings and have little need for blatantly illegal activities’ (p. 265).

In addition, some lobbyists have gone through the revolving door in reverse. For instance, in September 2009, President Obama nominated a lobbyist, former Maryland Motor Truck Association president and CEO Anne Ferro to head up the beleaguered Federal Motor Carrier Safety Administration. Given that Ms. Ferro was a registered lobbyist in the state of Maryland (Imperial Valley Press (El Centro, CA) 2009), it should probably come as no surprise to find that her recommendations became policy.

Second, Wedel points out that the loyalties of the unaccountable are flexible. An example is the American Association of Retired Persons, one of the wealthiest,

most powerful lobbies in America, which is not only ‘a citizens’ advocacy group’, but also ‘one of the nation’s largest private health-insurance brokers’ in receipt of ‘hundreds of millions of dollars in grants from the Obama administration’ (WorldNetDaily (USA) 2015). Third, governments have been outsourcing core state functions to private entities with the result that the private sector assumes responsibility for public goods and services. And fourth, Wedel explores an informal mode of networking that she calls the ‘Think Tank-Industry-Government-Media Nexus’ (p. 185).

Here she offers a striking example of what this means in practical terms when she poses the rhetorical question: How is war strategy ‘sold’ these days?

The Vietnam War was essentially sold to the establishment and the public by a small circle inside the Pentagon, including Defense Secretary Robert McNamara. The Pentagon Papers, leaked from within the bureaucracy, did much to buttress the public’s gathering disenchantment. But in the shadow-elite age, war plans have been sold by celebrity generals who are melded with media and think tanks supported by defense contractors. The target of our disenchantment, if we are disenchanted, is thus removed from us, the public, several steps farther.(p. 185)

Wedel adds the point that this ‘shadow elite’ hold ‘shared mindsets, even ideology’ (p. 65), and establishes ‘an influential, close-knit network’ which coheres by excluding colleagues who may have the requisite expertise, but who are not part of the network (p. 18). Moreover, the media strand of the nexus provides those in the network with ‘inexpensive and easily exploitable new venues to press their interests’ (p. 121).

In the case of the information industry, information is ‘now firmly in a few private hands’ (p. 241). In some cases, private contractors have seemingly unlimited access to private information. According to Dr Jonathan Obar, assistant professor in University of Ontario Institute Technology’s Faculty of Social Science and Humanities:

While we sit at our computers worrying about hackers, ‘legal’ data traders known as data brokers are fueling the Big Data boom, and contributing to data-driven decision-making at the bank, the insurance company, the supermarket, the university, the border and the police station. The next time you use your credit card or loyalty card, or allude to your sexual orientation in Google or Microsoft email, ask yourself if you would be comfortable with those data points being integrated into the Big Data mosaic. So we needn’t only fear the hackers. The data brokers out there are just as, if not more, scary .(Targeted News Service (USA) 2015)

To link this to an example mentioned earlier, President Barack Obama recently signed a bill to ban government officials from using private email accounts ‘unless they retain copies of messages in their official account or forward copies to their government accounts within 20 days’. This bill did not become law until more than one year after Hillary Clinton left her position as Secretary of State (Gillum 2015), during which time she used her own private server (Unruh 2015).

In addition, it is increasingly hard to ignore the phenomenon of the academic-turned broker. As university budgets are reduced ‘many universities have think-tank-like entities that engage in shadow lobbying’, which often downplay or disguise the source of their funding (p. 223). This results in ‘a real lack of transparency about the true source of funding’ (p. 128). One news report provides

an account of how a team of academics-turned brokers ‘acted as if they were block employees, and had they not been wearing distinctive dress, it would have been easy to mistake them as such’ (Economic & Political Weekly 2012).

How then to respond to the new power elite? In Wedel’s opinion, legislation should integrate ethics with accountability, and highlight whose interests are to be served. Her argument is farsighted. In 2015, Senators Edward J. Markey, Richard Blumenthal, Sheldon Whitehouse and Al Franken introduced legislation to require accountability and transparency for data brokers who are collecting and selling personal and sensitive information about consumers. The Data Broker Accountability and Transparency Act will allow consumers to access and correct their information to help ensure accuracy (PR Newswire (USA) 2015).

Legislation such as this also requires elite power brokers to be accountable to both government and the public. The Data Broker Accountability and Transparency Act aims to: (1) allow consumers to access and correct their information to help ensure maximum accuracy; (2) give consumers the right to stop data brokers from using, sharing, or selling personal information for marketing purposes; (3) empower the Federal Trade Commission to enforce the law and promulgate rules within one year, including rules necessary to establish a centralized website for consumers to view a list of covered data brokers and information regarding consumer rights (PR Newswire (USA) 2015).

Legislative counter-measures notwithstanding, it may be that the biggest risk ‘comes from within’ (p. 176). For example, a half-dozen former legislators were among a group of almost thirty lobbyists trying to sway South Carolina legislators to pass or defeat a controversial waste disposal bill. On the one side, former Senator Tommy Moore (the 2006 Democratic candidate for governor) and former Senator Dan Cooper (the former Republican head of the powerful House budget committee) were hired by the largest waste disposal companies in the US to win passage for the bill. On the other side, former state Republican Tempore Harry Cato was hired by the Three Rivers Solid Waste Authority to defeat the bill that Moore and Cooper are trying to get passed (Fretwell 2013). Following Edward Snowden and Julian Assange’s leaks, security has become a new challenge for the shadow elite, and more insiders would probably serve as ‘on-the-spot fact-checkers and truth-squadders’ (p. 133).

Wedel concedes the point that ‘there’s no real way of learning the truth in real time unless we are deep inside it’ (p. 43), and she cites an interview with one ‘finance think-tanker and adviser to governments and global institutions [who] talked about the ‘technocratic competence idea’ that reigns supreme’. The principle of technocratic competence dictates that ‘only the parties being regulated [such as banks], and those ... who have direct experience with the regulated, are the ones ‘eminently capable’ of doing the regulating’. As she points out, those who subscribe to this logic ‘no doubt believe they have unique information, expertise, and the personal integrity to act on our behalf, even when their actions leave accountability in the dust. But with such players obviously not worthy of our trust, we, the public, know not where to turn’ (p. 40).

Overall, the key arguments of *Unaccountable* are convincingly developed. I hope this thought-provoking book furthers critical inquiry on the dynamics of elite corruption. This book is a very valuable addition to the studies of elite power brokers, and more generally to the literature of corruption.

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