

From Power Elites to Influence Elites: Resetting Elite Studies for the 21st Century

Janine R. Wedel
George Mason University

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Abstract

The dominant theory of elite power, grounded in Weberian bureaucracy, has analyzed elites in terms of stable positions at the top of enduring institutions. Today, many conditions that spawned these stable ‘command posts’ no longer prevail, and elite power thus warrants rethinking. This article advances an argument about contemporary ‘influence elites’. The way they are organized and the modus operandi they employ to wield influence enable them to evade public accountability, a hallmark of a democratic society. Three cases are presented, first to investigate changes in how elites operate and, second, to examine varying configurations in which the new elites are organized. The cases demonstrate that influence elites intermesh hierarchies and networks, serve as connectors, and coordinate influence from multiple, moving perches, inside and outside official structures. Their flexible and multi-positioned organizing modes call for reconsidering elite theory and grappling with the implications of these elites for democratic society.

Keywords

accountability, class, C. Wright Mills, elite theory, elites, financialization, flex nets, flex organizations, illiberalism, inequality, influence elites, institutional change, lobbying, military industrial complex, neoliberalism, post-democracy, power cliques, power elite, revolving door, social network theory, think tanks, Weber, 2008 financial crisis

For the past century plus, the dominant theory of elite power has analyzed elites in terms of stable positions at the top of enduring institutions and within institutional and social networks. This analysis is grounded in the Weberian model of bureaucracy and ‘command posts’,¹ in which hierarchical structures are distinct and bureaucrats wield executive power (Davis and Williams, 2017). Today, many of the conditions that spawned these stable command posts no longer prevail. Several scholars

Corresponding author: Janine R. Wedel. Email: jwedel@gmu.edu

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have contended that a new kind of elite, responding to new conditions, has arisen (Abbink and Salverda, 2013; Davis and Williams, 2017; Savage and Williams, 2008; Wedel, 2009). Thus, theory warrants revisiting.

This article advances an argument about contemporary ‘influence elites’. These elites are defined by their *modus operandi* rather than family or class background, wealth, or institutional position. That is, they are identified by *how they operate*, rather than where they come from, the capital they have amassed, or the official position they occupy at a given time.

The emergence of these new ways of operating is a direct consequence of fundamental shifts in political, economic, and social institutions over the past several decades. While theoretical and empirical research on institutions often notes their persistence over time, once developed (Acemoglu et al., 2002; Engerman and Sokoloff, 1997; North, 1990), societies do frequently undergo institutional change (Acemoglu and Robinson, 2008; Streeck and Thelen, 2005). Accordingly, the 1980s era of deregulation, privatization; the end of the Cold War and resulting diffusion of global authority; and the rise of digital technology have converged to disrupt existing institutions (Wedel, 2009). Also crucial is financialization, in which capital markets and their offshoots exert considerable influence on economic and political institutions (Savage and Williams, 2008). Taking advantage of this new institutional ecosystem – of fragmented governing space and more liquid, diverse, and decentered power structures – a variety of players, including some traditional elites, have found flexible modes of operating.

At the top of the food chain are influence elites, who thrive amid fluidity. Specifically, influence elites are defined by (1) their flexibility, shifting and overlapping roles, and lack of fixed attachment to any *particular* sector or organization in pursuit of their strategic goals; (2) their informality and supplanting of formal structures and processes (while still using them when beneficial); (3) the entities they mobilize, including consultancies, think tanks, and nongovernmental organizations; and (4) their role as connectors, position in the official, corporate, private organizational ecosystem (including the above entities), and networks vis-à-vis each other. Because they have arisen to take advantage of a new institutional ecosystem and because they practice a distinctive *modus operandi*, a novel term is needed to describe them.

Elite studies have treated elites mostly as fixed groups and dealt largely with questions of reproduction or recruitment; leading families that spawn them; or their social standing, education, wealth, and contacts (Khan, 2012: 371–3). This article asks whether a new emphasis, focusing on elites’ *modus operandi* and organization, is called for.

We also address the implications of these new elites for democracy. It is argued that the way influence elites are organized and the *modus*

operandi they employ to wield influence – that is, to frame policy and even determine outcomes – render them more difficult to detect than those of their predecessors in living memory and enable them to evade public accountability, a hallmark of democratic society. This may help explain why an era of ‘post-democracy’ has arrived, as Crouch (2004) contends, while democracy, Bauman (2007: 64) claims, has descended into a self-perpetuating ‘elitist affair’. Yet the link among the crisis of democracy, the elites who avail themselves of the spaces created by the institutional disruptions, and the specific means through which elites might challenge democratic groundwork has yet to be sufficiently spelled out. A thorough examination of the organization and modus operandi of influence elites is needed to unpack the implications for democratic society. Such exploration is also needed to evaluate notions of class prevalent in elite studies. For instance, do today’s elites constitute a ‘capitalist class’ explicable by ‘their relationship to the means of production, distribution, and exchange’, as Sklair (2001) describes class? Such explication can help reframe and rethink the underpinnings and assumptions that buttress elite studies.

To address these issues, we turn first to long-standing theory and look at what has and hasn’t changed in recent years. Then we examine three cases, delineating the organization and modus operandi of influence elites in each, and investigate differences and similarities, specifying six common characteristics of influence elites. Finally, we analyze what these elites might portend for elite theory and studies.

Revisiting Frameworks in Elite Studies Amid Institutional Disruption

The anchoring of elite studies in the Weberian outline of fixed, ordered hierarchies goes back to Weber’s student Robert Michels (1967 [1911]), who postulated ‘echelons’ of power.² But it is C. Wright Mills who arguably emerged as the past century’s most influential elite theorist. *The Power Elite* (Mills, 1956) spawned several generations of scholarship, planted in Weber’s hierarchies and the dominance and stability of the nation-state system. Questioning democratic pluralism in the United States, Mills maintained that an interlocking, singular group of government officials, military leaders, and corporate executives occupied a ‘pyramid’ of power, effectively controlling major political and social decision-making. Three characteristics, Mills suggested, would aid in understanding the power elite: (1) social homogeneity of common background; (2) the structure and breadth of the elites’ ‘institutional hierarchies’ that can help determine the scope of elite influence (Mills, 1956: 19); and (3) coordination among elites, formal and informal.

Examining these characteristics from today’s vantage point can help us assess what has changed. For Mills, informal networks formed through

social homogeneity, and shared schools fostered a unified elite (first and third characteristics). Domhoff (1967) agreed, with his *Who Rules America?*, describing a dominant upper class with a shared lifestyle and perspective that deploys its resources to exert control and carry out ‘institutional logics’ (Domhoff, 1979). Inspired by Domhoff, and following in the Mills–Domhoff tradition of stable hierarchies, Scott (1991) similarly found the United Kingdom dominated by a ‘capitalist class’. The idea of power concentrated in a unified elite encountered detractors, with Dahl (1967, 1989) the most adamant challenger, arguing that power is distributed across a plurality of groups.

To settle the debate, much subsequent study has explored the structure, reach, and power of social networks. Scholars in the United States and Europe have investigated the density of elite networks – cross-memberships in places of politics, government, and business (e.g. Bühlmann et al., 2012; Domhoff, 2005; Mizruchi, 1982), as when elites sit in on each other’s corporate boards – and how this positions elites to further the interests of global capital (e.g. Denord et al., 2011; Van der Pijl, 1998). In time, the American power elite exhibited ‘considerable diversity at least as compared with its state in the 1950s’ (Zweigenhaft and Domhoff, 2006: 6–7). Corporate power splintered in the 1980s and 1990s (Mizruchi, 2013) and, faced with increased regulation and decreased profit, the business elite eschewed competition in favor of cooperation (Useem, 1984).

In Mills’s account, informal networks serve the development of a (unified) power elite, but power is still largely wielded through formal and stable vertical relations or ‘institutional hierarchies’ (Mills’s second characteristic). Much of the work that followed is similarly predicated on stable relationships, even as it examines mostly horizontal ties, typically formed through membership in formal organizations.

How do the institutional disruptions introduced earlier affect these hierarchies and networks? The late 20th- and early 21st-century world has eroded institutional certainty and the premise upon which elite studies have been based (Davis and Williams, 2017; Savage and Williams, 2008). As mentioned, an unprecedented confluence of developments has upended institutions. These include digital technology and the economic globalization fostered by digitization, which proliferated in the 1980s (Menziés, 1999), rendering production, distribution, and finance no longer state-centered (Sklair, 2001); the privatization (Guttman and Willner, 1976) and deregulation fervor of the West in the early 1980s (e.g. Wedel, 2009: 27–33); financialization, which multiplies lucrative intermediary financial positions while, at the same time, weakening managerial elites (Davis and Williams, 2017); the Cold War’s end, dispersing global authority and opening sparsely governed arenas (Wedel, 2009: 34–40); and the internet’s rise soon after.

The developments, both on their own and through their interactions, have reconfigured the institutional ecosystem in which states,

corporations, and other institutions shape themselves and interact. The developments have fragmented the governing space, dispersed policy-making bodies, and incorporated a variety of nongovernmental entities (Wedel, 2009, 2014). With boundaries among them more porous, the missions of states, corporations, and nongovernmental organizations have multiplied and blurred.³ States have ceded the upper hand in important decisions and seen their autonomy and ‘public’ identity or character dwindle (e.g. Kapferer, 2005; Vogl, 2015). Crouch (2004: 4) contends that ‘politics is ... shaped in private by interaction between elected governments and elites that overwhelmingly represent business interests’. ‘Corporate actors’, Bowman et al. (2015: 4) add, ‘are ... the dominant partners in a new co-dependence as they game institutions and tax regimes, and manipulate contract-making.’ In the United States three-quarters of ‘federal’ employees now work directly for private entities (Light, 2010) and often perform core functions. And the numbers and influence of think tanks and quasi-official bodies like government advisory boards have increased (Ginsberg, 2009; Glassman, 2013).

The developments have produced new spaces of opportunity for players and entities such as think tanks and consulting and law/lobbying firms (Source Watch, 2010; Wedel, 2014). At the international level, the sphere of influence of private international forums has grown (Gill, 1991; Van Apeldoorn, 2000), as has the role of ‘power elite policy clubs’ in international policy reform (Seabrooke and Tsingou, 2009).

Taken together, these developments have broken down barriers, including those of state and private sectors, clear boundaries of which have been pillars of modern democratic states. These developments, too, have ushered into working life greater mobility of roles and insecurity in shorter time frames, even among elites, while also wearing down institutional loyalty (Bauman, 2007; Featherstone, 2014; Ho, 2009; Sennett, 2006; Wedel, 2009). The corporate elite has continued to fragment (Mizruchi, 2013), suggesting the need to revisit Mills’s elite coordination (his third characteristic). Yet, while the corporate ‘community’ is ‘weak and ineffectual’, Mizruchi (2007) writes, ‘individual actors within the American business community during the first decade of the twenty-first century are more powerful than they have been at any time since the 1920s’. The advent of new patterns of elite organization does not mean that Mills’s command posts (second characteristic) have disappeared. Instead, they have evolved in a ‘complex interplay between “power as domination” and “power as network”’ (Reed, 2012: 204), or, put another way, ‘between vertical and horizontal forms of power relations’ (Reed, 2012: 207). We argue that another kind of power related to mobility of roles within and through command posts has arisen, and sometimes is the way policy is enacted. Using multiple case studies, this article explores the workings of this new kind of integrated power and examines *how* hierarchies and networks may be entwined.

Vehicles of Elite Power

To explore this issue, three cases are presented, first to investigate changes in how influence elites operate, as compared to classic power elites, and, second, to examine the varying configurations in which influence elites can be organized, even if they are part of the same phenomenon. The cases have been strategically selected to explore different organizational possibilities. The first two examine flexible entities – a think tank and a consulting firm – that elites set up to help organize their influence. The third case looks at how a ‘flex net’, not dependent on specific entities, consolidates influence, whether its members are predominantly inside or outside government.

Analyzing the emergence of a potentially new phenomenon such as influence elites requires a methodological approach that allows for detailed consideration of the contextual developments that have spawned it. The case study as an ‘empirical inquiry’ affords investigation of ‘a contemporary phenomenon in depth and within its real-world context’ (Yin, 2014: 16). Each case presented relies on multiple data collection methods and varying sources, including public documents, public interest and investigative reports, published accounts from insiders, and scholarly works, enabling triangulation of evidence (Yin, 2014: 239, 241). A core task of this work is to ‘thickly’ describe the modus operandi of influence elites and offer interpretation and implications thereof (see Denzin, 2001; Geertz, 1973; Ryle, 1971, for the role of ‘thick description’ in qualitative research). Thick description of multiple cases enables a within and cross-case analysis of influence elites who operate in diverse institutional environments (Eisenhardt, 1989; Yin, 2014). Grounded theory (Glaser and Strauss, 2009), which conceptualizes what is happening through empirical research, can then be developed to reduce lack of fit between empirical research and theory. These cases are useful both for (1) theory building (Glaser and Strauss, 2009) and (2) examining the implications for democracy of opaque ways of organizing.

Think Tank

This case of a new Washington think tank, the Center for a New American Security (CNAS), highlights new modes of operating in and around command posts.

To sway US policy in Afghanistan, an informal power clique organized its influence around CNAS, founded in 2007. The clique played a key role in shaping, executing, and justifying the recent conduct of US wars in Afghanistan and Iraq. Dubbed the COINdinstas by military bloggers after the strategy known as COIN (for COUNTERINSurgency), the clique consisted of generals, prominent military reporters connected to them, think tankers-turned-officials in the Department of State and the Pentagon, scholars, and defense contractors that coalesced around

the strategy of engagement with local populations to counteract insurgencies (Wedel, 2014: 19–20, 185–95). (Power cliques are a *kind* of clique – a core group whose members contact one another for multiple purposes and advance their own interests [e.g. Boissevain, 1974: 174] – that wields political influence [Kurczewski, 2007].) COIN was implemented in Afghanistan *after* it was implemented in Iraq, although the war in Afghanistan was launched first.

This case – in which a power clique makes war policy – stands in juxtaposition to US strategy related to the Vietnam War. In that case, strategy was anchored firmly in the Pentagon and government command posts. It was sold to the larger establishment and the public by Pentagon policymakers who tried influencing the media (to little avail) when it became clear the United States was losing the war (Hammond, 1998). By contrast, the COINdinistas sold their plan to policymakers and the public through celebrity generals who sometimes dodged command posts while imbedding themselves with media and the new think tank, supported by government-dependent defense contractors positioned to benefit from the plan. Crucially, the media had undergone fundamental changes (Pew Research Center, 2016).⁴ Lines between the media and think tanks were blurring. Free digital content was decimating the press, forcing many top journalists to find another haven;⁵ a corporate-supported think tank often provided one (Russo, 2015; Wedel, 2014: 124–6).

At the apex of the clique was General David Petraeus, who would help shape, implement, and sell COIN. In the mid-2000s Petraeus revived the COIN doctrine, the implementation of which involves a ‘surge’, and crafted the Army’s 2006 COIN field guide. Skilled at cultivating the media, Petraeus was known as a military intellectual. Also playing a leading role was Stanley McChrystal. Generals Petraeus and McChrystal would serve as commanders in Iraq and Afghanistan, respectively, during the increase or surge of forces in each country.

How did the COINdinistas enshrine their preferred policies in Afghanistan? In early 2009, the newly elected Barack Obama was predisposed as a Democrat to embrace COIN (at least early on), with its emphasis on engaging local populations, even as he had pledged to withdraw troops. In 2007, Petraeus, as head of US forces in Iraq, had implemented the surge-and-engage COIN strategy to help stem the turmoil there. At the time it was widely deemed a success and Petraeus was named a runner-up for 2007’s *Time* person of the year (Klein, 2007). Soon after, policymakers began to consider COIN for still-restive Afghanistan.

The American public, however, was torn on more deployment. And while the US Congress, too, was wary, the current strategy was seen as wanting. Thus the clique and COIN adherents set out to sell the strategy to the policymaking audience, deploying its members both inside and outside government. Nearly a dozen players attached to CNAS had by then joined the Obama administration, whether on the transition team, in

the State Department or the Pentagon, or on the Defense Policy Board (a Pentagon-selected advisory body). This mass flight from a brand new think tank to the high ranks of government departs from the pattern once found at long-established institutions such as Brookings or the Heritage Foundation. These entities housed resident scholars (even if some individually might use the think tank as a perch on their way out of government) who studied a smorgasbord of issues. CNAS, by contrast, was created just prior to an election cycle, specialized in a single issue – defense – underwritten considerably by industry contractors, and quickly became the staffing source for the Obama defense and diplomatic team (e.g. Dreazen, 2008).

CNAS prime movers also performed leading government roles. Petraeus and McChrystal, in official military roles, used unofficial channels to press the COIN strategy. They, along with fellow COIN adherents, regarded the Pentagon as a lumbering bureaucracy that needed shaking up (Kaplan, 2013).⁶ Petraeus had repeatedly circumvented the bureaucracy, which predated CNAS (Filkins, 2012). McChrystal (who took control of the Afghan campaign in 2009, pushing COIN) did the same, at least once. While commander in Afghanistan, McChrystal, through a subordinate, allowed a scathing intelligence report to be released through CNAS, rather than internal channels. The release, apparently outside the chain of command, caused an uproar in military circles; its findings sent a clear message that McChrystal believed COIN principles were not being followed (Rozen, 2010). Analysts scrutinized whether CNAS was being used to wield influence by those who wanted to do so at a one-step-removed distance, that is, outside the chain of command (e.g. Rozen, 2010).

Filled with prominent war reporters and scholars and hosting many gatherings of military elites, CNAS served as a mouthpiece and site of power (e.g. Horowitz, 2007). Among the CNAS writers-in-residence were at least a half dozen prominent defense and intelligence print reporters who worked at various times at the *Washington Post*, the *Wall Street Journal*, and the *New York Times*. Facing a severely strained media business (Barthiel, 2015; Jurkowitz, 2014),⁷ reporters likely appreciated a well-funded think tank perch from which to work on longer-term projects and, not least, prime access to top military decision-makers, sometimes in the next cubicle, providing fodder for headline-grabbing stories. CNAS reporters turned out short articles as well, often supporting COIN (e.g. Ricks, 2009, 2011; Sanger et al., 2009). Many COINdinstas (reporters, pundits, and government officials) performed overlapping roles, bolstering their influence. In one example, a one-time top blogger reviewed (and panned) a book critical of McChrystal without mentioning that he, the blogger, had been a recent adviser to McChrystal (Exum, 2013).

CNAS evolved quickly into an activist news maker. Media outlets as disparate as *Vanity Fair*, the *Washington Post*, *Rolling Stone*, and *Foreign*

Policy covered COIN's prime movers, notably Petraeus and McChrystal, and ideas (Bowden, 2010). A *Washington Post* article, 'When CNAS talks, people listen', described CNAS as the 'go to' think tank for its sphere of policy influence (Lozada, 2009). By sidelining bureaucracy and enlisting CNAS and the media, the COINdinitas won the fight and officials had little choice but to walk with them. COIN's implementation in Afghanistan began in late 2009 and ended with a whimper in 2012. Petraeus became CIA director in 2011. After a sex scandal forced him out, he became a 'thought leader' at private equity firm Kohlberg Kravis Roberts.

The case of the COINdinitas suggests that the so-called 'military-industrial complex' should be reconceptualized: the COINdinitas connected influence elites across agencies of government, media, venues bringing together military elites, and a defense industry-backed think tank. The centralization of power in Mills's three domains (government, politics, and the military) today would have to be expanded to include at least think tanks, consulting firms, and the media. The way that players move among roles, and what that movement delivers in terms of influence, also calls for revising prevailing theory: in the CNAS case, key players enacted multiple roles simultaneously, thereby connecting organizations and fusing roles and activities: a think tanker could be a blogger who also appeared as a moderator at a conference hosting the same generals quoted in his pieces (blogs or traditional media outlets) or books. Bridging and blurring these roles compounds influence.

Unlike the more straightforward and predictable role played by command posts in an earlier era, with the COINdinitas, points of entrée and channels of influence are multiple, overlapping, and partly obscured. They are farther removed from command posts and officials who can be held accountable. This manner of policymaking, far removed from public visibility or electoral participation, shows Crouch's post-democracy at its apogee. Despite the election of President Barack Obama, who vowed to end the wars in Afghanistan and Iraq, they seemed only to expand.

Consulting Firm

Command posts can fall short in charting government decision-making, not only with regard to war policy but also financial regulation. The consulting entity Promontory Financial Group is a case in point. With 19 offices spanning the globe, Promontory has been a private consultant to the Bank of America, Morgan Stanley, Wells Fargo, PNC, Allied Irish, and the Vatican bank. Promontory is hired by top financial firms to manage a crisis, or to navigate post-2008 regulations meant to rein in exotic derivatives and proprietary trading (Wedel, 2014: 165–7).

Almost two-thirds of Promontory's senior executives are ex-finance regulators. They are led by co-founder and former US Comptroller of

the Currency Eugene Ludwig (Protest and Silver-Greenberg, 2013). *American Banker* notes that: ‘There is seemingly no part of the financial regulatory ecosystem the firm does not draw from.’ The publication adds this ironic disclaimer: ‘Promontory’s employees include two former *American Banker* editors’ (Horwitz and Aspan, 2013).

Promontory’s influence is not confined to the classic ‘revolving door’. The US government has diluted its own authority by enlisting Promontory to do regulatory oversight that in the past was the sole province of government. And, unlike in the past, in which consulting firms engaged primarily in private sector work, today they sometimes stand in for government. Government contractors often conduct core government functions (Wedel, 2009: 73–109, 2010), often with little or no oversight from actual government employees. Thus the way that elites wield influence cannot be understood only in terms of performing strategic and functional roles in ‘the “command situations” through which political power becomes institutionalized in the form of governance regimes’, as Reed maintains (2012: 212), or through interest or pressure groups from the outside. When entities like Promontory are entrusted by government to carry out regulatory functions of government, elites are able to shape outcomes from *inside* the regulatory process, *even as they stand outside command posts*.

In the case of Promontory and similar firms, the regulatory function is outsourced to private firms that carry on multiple relationships with the companies they supposedly regulate (and in whose interest it therefore may be to minimize regulation) and with little government oversight. Thus these elites are not merely ‘authoritative’, ‘pursu[ing] monopoly control over the means and mechanisms of *regulation*’ (Reed, 2012: 212), as they likely also perform ‘expert’, ‘allocative’, or ‘coercive’ elite functions. While types of elites can overlap, writes Scott (2008: 33), elites ‘are to be defined in relation to ... structures of domination’ (Scott, 2008: 32). Yet, as one sees with Promontory, such structures can be flexible, affording the elites that empower them great leeway.

Promontory serves as an ersatz regulator through several means. The most common, an informal one, is that when banks hire Promontory, that act carries *informal* weight through which the banks demonstrate compliance when required. Another means is the *formal* outsourcing of authority, in which the government itself mandates that banks use Promontory or a similar firm to do financial oversight (Douglas, 2013). In one example of this second means, a troubled firm, MF Global, had to agree to hire Promontory to ensure compliance. Two years later, Promontory touted that MF Global, had ‘witnessed a remarkable turn-around... in... leadership and culture’ (Scannell and Braithwaite, 2012). Months later, MF Global collapsed in spectacular fashion. Did MF Global receive a positive report because it was paying the report’s authors? Promontory eschews such a conclusion. But Promontory does

not occupy a command post. And with its multiple and potentially overlapping roles vis-a-vis MF Global, the two firms – the ‘regulator’ and the ‘regulated’ – can engage in a dance in which the latter can even assume the lead role (Wedel, 2014: 169–70).

Promontory and entities like it can be seen as ‘flex organizations’, the quintessential feature of which is their changeability. Flex organizations, which can (at least at times) claim official authority, actually *shift their statuses* (e.g. from official to private or the reverse) as called for by a given situation to serve the agendas of the elite players who empower them. Flex organizations are themselves ambiguous, neither clearly official nor clearly private but exhibiting features of each (Wedel, 2001: 145–53, 2004: 222–31). Promontory, for instance, is not a registered lobbyist or an accounting firm or a government regulator. Without fixed identity, it can morph to suit the occasion. Availing itself of regulatory knowledge, it buffers its clients both through the unregistered lobbying and the ‘regulation sleuthing’ it allegedly conducts. While the firm maintains it does not lobby government, one watchdog organization told a news outlet, ‘[Promontory is] a regulatory fixer’ (Wilbanks, 2013). *American Banker* included these varying phrases to describe Promontory: ‘sort of ex-regulator omnibus’, ‘shadow network between banks and regulators’, ‘a kind of arbitrage and interlocution between regulators and banks’ (Horwitz and Aspan, 2013; see also Calabresi, 2013; *New York Times*, 2015).

Flex organizations and the influence elites who empower them operate outside structures of clear command. They thrive by *obscuring* their statuses. Yet their flexible nature makes them potentially much more influential than mere state–private entities – static hybrids like quangos in the United Kingdom (quasi-autonomous nongovernmental organizations) that conduct government work and often receive government funding, or similarly static ‘parastatals’ or GSEs (‘government-sponsored enterprises’) such as the American Fannie Mae. With Promontory and firms like it, the channels of influence and intervention are multiple and masked, rendering such entities difficult to hold to account. Once again, new modes of power are interweaving themselves through and alongside command posts. And, once again, elite theory needs to be recast, incorporating entities like Promontory that wield influence from the inside, even as they also stand on the outside, shifting modes according to what is most advantageous to themselves and their elite clientele.

Flex Net

The previous two cases feature organizations set up and empowered by influence elites. The current case foregrounds a group of influence elites known as a flex net, a kind of power clique that fuses official and private power most completely.

Like all influence elites, a flex net is defined by its organization and modus operandi (Wedel, 2009, 2014). Several cases of flex nets have been documented, including in the United States.⁸ ‘Flex nets’ (not to be confused with flex organizations) are the most potent power cliques, presenting the greatest threat to democratic accountability. Flex nets are dense, self-propelling, informal (and, often, longtime) trust networks that pursue common goals, coordinating their efforts inside and outside official structures (Wedel, 2009: 15–19). Interest groups and lobbies, it is argued, do not convey flex nets’ modus operandi, potential influence, or lack of accountability. ‘Rhizomatic power’ – which contrasts with the tree-like metaphor inherent to command posts – captures the flexibility and multidimensionality of flex nets. But it fails to convey the groups’ multi-positionality, density, and ideological foundations – and thus their power. Because flex nets represent a distinctive way in which some influence elites operate in a group, a new term is warranted to characterize them.

This case concerns a group of Icelandic influence elites. As with all influence elites, this flex net arose with financialization, digitization, deregulation, and globalization. The group’s success would not have been possible without these developments that came to many parts of the globe and even to this tiny agricultural country. The flex net’s success also could not have been achieved without Iceland’s elite being exposed to their exponentially larger counterparts in the West. Prestigious Western elites lent local elites legitimacy both within Iceland and in financial-political circles abroad (e.g. Gissurarson, 2004; Mishkin and Herbertson, 2006). In collaboration with Western investors and academics hired to buff Iceland’s image, this elite briefly turned a fishing-based economy into an improbable banking powerhouse. This is an example of financialization far more extreme than even on Wall Street, because the economy had been so undeveloped (Wade and Sigurgeirsdóttir, 2010).

Dubbed the Locomotives, this flex net substantially merged the political, banking, and media elite. They illustrate the first flex net feature – an exclusive informal network that serves as *an intricate spine* (Wedel, 2009: 16, 2014: 69). Flex net members are a small circle of players who interact in multiple roles, inside and outside government, to achieve mutual goals over time. They resurface as a group in different configurations to pursue those goals, which are ideological and sometimes also financial. The Locomotives sprang from a student group in the 1970s. David Oddsson and Geir Haarde are two original and key members. Oddsson was prime minister from 1991 until 2004; protégé Haarde, finance minister, then took his spot. During this time, fellow Locomotives fanned out across spheres of influence in business, law, and the media. Members of a flex net are united by shared activities and interpersonal histories, but the existence of the network is unannounced and its members do not seek incorporation.

Flex net cohesion is aided by their second feature: *shared conviction and action* (Wedel, 2009: 17). Haarde succeeded Oddsson, yet the flex net's goals remained intact. The Locomotives believed fervently in deregulation and privatization, which flourished during their rule (Halpern, 2011; Lewis, 2009). As banks mushroomed, Iceland took on a boom feel.

The third flex net feature is that they form *a resource pool* (Wedel, 2009: 18). They pool the positions of their members, who assume shifting and overlapping roles in government, business, nongovernmental organizations, and media (Wedel, 2009: 17). Flex nets secure and safeguard near-exclusive access to official/state information. They then brand it for the media; the public, lacking basic information, is unable to judge issues for itself. Thus the Locomotives hoarded official information and mastered image making. A leading deregulation proponent was Hannes Hólmsteinn Gissurarson, a fellow Locomotive and a valued cheerleader as an academic, author, and media regular. He published a 2004 *Wall Street Journal* piece called 'Miracle on Iceland' (Gissurarson, 2004; see also Olafsson, 2011: 1–51). The Locomotives also paid two eminently connected Western economists to write favorable economic reports (e.g. Alloway, 2010).⁹ The Locomotives' creation of a flourishing image both in Iceland and in key banking centers was crucial.

Finally, flex nets forge *a hybrid habitat* – their fourth feature (Wedel, 2009: 19). A flex net's strength lies in its ability to reorganize governance and bureaucracies to suit the group's purposes (Wedel, 2009: 19). Its members thwart bureaucratic and professional authority by creating, within government, network-based structures and personalized practices while circumventing standard ones and marginalizing officials outside their network. The Locomotives in 2002 shut down a government agency when it questioned Iceland's stability, claiming that their own central bank and commercial banks conducted superior research (Gylfason, 2011; Wade and Sigurgeirsdóttir, 2010).

The Locomotives proved adept at reshaping Iceland and breaking the grip of the country's traditional family-based elite (Wedel, 2014: 68). As worldwide economic collapse loomed in October 2008, the Iceland Central Bank, led by Oddsson, pegged the currency to the Euro, propping it up even though Iceland couldn't justify the artificially high rate. World markets caught on fast and the currency collapsed within hours. Oddsson consulted not the central bank's chief economist, but his fellow Locomotive Haarde instead (Wade and Sigurgeirsdóttir, 2010). After his ouster, Oddsson became a top editor at the leading Reykjavik daily, from whence he orchestrated coverage of the crisis, shaping it to deflect responsibility (Wade and Sigurgeirsdóttir, 2010).

As flex net members swap roles, or spin overlapping ones, they create a virtually closed loop, far removed from public input, knowledge, or potential sanction. Indeed, when Iceland tried Haarde, he received a

mere slap on the wrist; not long after, he became the country's ambassador to the United States.

Flex nets are a paradox: more amorphous and less transparent than conventional political lobbies and interest groups, yet more coherent and less accountable. Unlike lobbies and interest groups exerting influence from outside command posts, flex nets coordinate power and influence from both inside and outside, and from multiple and moving vantage points. This enables them to relax both governments' rules of accountability and businesses' codes of competition, thereby challenging principles that have defined both modern democratic states and 'free' markets. Elite theory must be re-equipped to analyze the organization, operations, and implications of such seemingly amorphous elite groups that wield enormous, unaccountable power.

Organization and Modus Operandi of Influence Elites

These cases, despite differences, reveal the following six common characteristics of influence elites. Taken together, the characteristics delineate their organization and modus operandi and demonstrate how these elites differ from their recent predecessors.

First, they are unmoored from *particular* sectors or organizations. The players' agency is not confined to circumscribed hierarchies or circles based on shared background, such as those that characterized Mills's power elite. As one sees in all three cases, hierarchies coexist with forms of power grounded in networks (Davis and Williams, 2017; Savage and Williams, 2008). And, as one observes with the COINdinstas and the Locomotives, those in hierarchies not only exert direct power to get their policies enacted, they also connect hierarchies to other organizational power centers and, crucially, coopt the media from within. Similarly, Promontory's effectiveness lies significantly in its ability to shift its positionality. While elites certainly do occupy positions of power (some of which are within the domains specified by Mills), influence elites can take their influence with them.

Second, as one sees in all three cases, influence elites are more flexible and global in reach than their forebears (Savage and Williams, 2008; Wedel, 2009, 2014), while less visible and operating simultaneously both within and outside official structures. 'Extra-territorial' (Bauman, 1998: 19), exhibiting flexible identities (Ong, 1999), and flexing their representations (Wedel, 2009), these players' organization contrasts sharply with seminal metaphors of elite studies: Michels' 'echelon' and Mills's 'pyramid' (Davis and Williams, 2017). The newer concept of 'rhizomatic power' captures the fluidity of the players (Deleuze and Guattari, 1987; Karatzogianni and Robinson, 2010), but not their overlapping roles or network density.

Influence elites do not limit themselves to being a ‘coercive’, ‘allocative’, ‘expert’, or ‘authoritative’ elite, following Scott (2008; see also Reed, 2012: 211–14), instead merging and interchanging these roles. The examples of the COINdinistas and Locomotives are rife with such overlapping, while ambiguity of roles is built into Promontory’s work. Overlapping roles lend players the indispensable asset of deniability. They can use the information or resources gleaned in one role to their advantage in another. With overlapping roles, moving boundaries, and ‘performing for the public’ (Clarke, 2005: 211–32), influence wielding is more difficult to detect than at any time in living memory.

Flexibility and mobility of roles also extends to the ability to transfer from one arena to another (Savage and Williams, 2008: 16). General Petraeus (CNAS case), who moved from the military to intelligence to finance, is an example.

Third, influence elites often operate informally and use formal and informal means interchangeably. While informal networks and communication channels among elites also existed in Mills’s day, such networks and channels are not only much more prevalent today, they can also deliver far more influence because influence is no longer predominantly exerted in the context of stable and vertical relations. The COINdinistas and Locomotives subverted or sidelined standard, official procedures, operating instead through their clique (the COINdinistas) and flex net (the Locomotives), respectively, and excluding officials outside their network. Promontory, which was at times a proxy for a regulatory agency, despite being outside command posts, positioned itself within the bureaucracy, while being formally outside it, at one and the same time.

Fourth, influence elites set up, mobilize, or modify existing entities to help organize their sway in policy and public opinion. This is not to suggest that public opinion was unimportant to elites in Mills’s day. It is to suggest that, given today’s more diversified governance and policy landscape, it is much more necessary for today’s elites to appeal to the media and public opinion to achieve their agendas. The ways in which such appeal is made have changed with the digital age, and with the increased sophistication and ubiquity of public relations. With the Cold War’s end, along with the demise of the more predictable U.S.-versus-Soviet global decision-making framework, nongovernmental organizations such as think tank and nonprofit entities, as well as consulting firms, proliferated. CNAS and Promontory are examples of such entities. To further their influence efforts, the Locomotives, too, reshaped some existing organizations like banks, and eliminated an independent economic research body.

Consider think tanks such as CNAS. They lend a scholarly imprimatur that is attractive to influence elites, who seek legitimacy and an impartial banner. The number of think tanks worldwide has risen exponentially since the Cold War (growth traced to the transformational developments

discussed earlier), and, in the United States, the number has more than doubled since 1980 (McGann, 2015). CNAS reflects a trend of brand new think tanks, issue-specific, and heavily influencing policy.

Fifth, these entities are more flexible, mobile, malleable, multi-purposed, short-term oriented, and global in reach than those of their forebears, and can stand in for official authorities while also representing other interests. (States and corporations, too, are under constant pressure to adopt these qualities.) Promontory so embodies these qualities that it qualifies as a flex organization.

CNAS also exhibits these characteristics, and think tanks are an important case in point. Not only have they grown in number but the part they can play in the influence ecosystem is also transformed. Think tank sponsors (corporations, billionaires, foundations), the media (which has a fast-evolving relationship with them), and contracts (with companies and governments) all influence their activities and outputs (Domhoff, 2014: 79–91; McGann, 2015: 26–40; Wedel, 2014: 178–204). Sometimes they are coordinated globally (e.g. Fischer and Plehwe, 2013).

To maintain funding, think tanks have become more malleable and sped up their output cycles dramatically (McGann, 2015; 27–28), especially in areas that have seen a growth slowdown due to funding downturns, a shift to more project-specific funding (increasingly coming from individual donors), and competition from advocacy organizations, consulting or law firms, and digital media, among other factors (McGann, 2015).

Thus, while think tanks have traditionally conducted serious, even multiyear studies, today many have become partisan fighters, with rapid-response teams, media-friendly reports, and timely messaging (McGann, 2015: 38). They are under constant pressure to demonstrate ‘impact’ through metrics. They are often populated by journalists, newly displaced by digital media (Jurkowitz, 2014). Specialization by issue area, McGann (2015: 29) contends, ‘often results in greater funding confidence that donors’ money is directed toward issues they support’. Given these pressures, some think tanks, even ones such as the Brookings Institution, now take substantial donations from foreign governments, including some with tarnished reputations (Elliott et al., 2014; Lipton et al., 2014).

Sixth, influence elites are connectors. They are ‘intermediaries whose power rests on being able to forge connections and bridge gaps’ (Savage and Williams, 2008: 4). With policymaking bodies more diversified and dispersed, and with financialization (Davis and Williams, 2017: 8–9), there is an ever-expanding universe for elite intermediaries and experts (e.g. Davis and Williams, 2017; Dezalay and Garth, 2002; Zald and Lounsbury, 2010). Elite power thus resides not as much in formal organizations or roles, but, much more than in the past, substantially derives from players’ positions in informal social networks and links to

organizations and venues connecting elites across a global plane (Davis and Williams, 2017; Savage and Williams, 2008; Wedel, 2009).

While influence elites do not succeed in all their efforts, these characteristics, taken together, sum up the bases of their capacity to be highly effective, while also less visible, less accountable, and more challenging to democracy than their recent counterparts. The characteristics which together constitute the organization and *modus operandi* of influence elites provide grounding for further empirical and theoretical analysis of elites.

Conclusion

Elite studies stands at a crucial moment. There is now strong popular interest in elites, seen both politically and culturally. But for scholars to understand elites and inform debates, past assumptions must be revised to elucidate the organizational modes of many modern elites.

As the three cases illustrate, the workings of hierarchies and networks have transmuted amid institutional disruption. The power of influence elites relies less on the hierarchies and stable networks emphasized in much traditional elite theory and more on their ability to be flexible and fluid, and to enlist entities like think tanks and consulting firms that also exhibit these features. While today's influence elites connect military, political, and government (among other) domains through informal networks, as in Mills's day, the organization, operations, and function of the connectors have changed. Mills's domains of power, which today would need to encompass media and vehicles of power such as think tanks and consulting firms, are also served by players' networks that, crucially, blur roles and amplify players' influence. Instead of command posts as pillars of power, today the connectors – the influence elites – can be pillars of power even as they move.¹⁰ Being such a pillar is what enables a Petraeus to move from the military to intelligence to finance. His cachet comes not only from his status as a general, but substantially from his standing as a 'warrior-scholar' embraced by the media.

What do these findings further portend for elite studies? The use of grounded theory and a multiple case research strategy enables the examination of the complex ways that influence elites intermesh hierarchies and networks. While all three cases showcase the new spaces in which influence elites exert power, they also highlight significant contrasts in *how* they do so – the diverse and mobile points of entrée from which elites sway policy. With CNAS, influence is organized by a power clique (the COINdinistas) – spanning government command posts, a think tank, and reconfigured media – whose members perform overlapping roles and coordinate influencing from multiple vantage points. Promontory, positioned ambiguously as a private firm even while sometimes assuming what formerly was government oversight, is set up to exert influence from

the inside, both vis-à-vis its clients and regulators. The Locomotives, whether largely inside or outside government, hold sway through their own command posts and members in business and media roles, as well as by suppressing independent voices (including in command posts) and exchanging roles of influence.

In all cases, elites serve as connectors, wielding influence via multiple positions both within and outside government. Not only do these elites cross boundaries of official and private, formal and informal, with ease, traversing political, economic, and other domains of activity as well. Their very potency comes from their ability to do so – and to escape notice in the process.

The cases expose a gap in existing elite theory and augur for a new theoretical framework. Toward this end, further empirical studies of how influence elites organize themselves in and outside government, corporate, and private entities (and how these organizations themselves change and diversify) are needed. Research in fast-growing areas such as finance and technology, where elites ‘thrive in financialized capitalism’ (Davis and Williams, 2017: 9), is especially urgent. In such research it is crucial to examine how elite players mesh different sectors and domains.

A related question concerns the fragmentation and diversity of elites. Reviewing the case studies presented here, no evidence suggests elite unity. To the contrary, echoing Mizruchi and Zweigenhaft and Domhoff (2005), they point to elite diversity and fragmentation. Today’s greater division of elites calls for taking a look at linkages among elite groups and networks, and, following Scott (2008: 40), examining the balance of power among them. What are the circumstances under which they compete or cooperate, and across what spaces?

What of class? Influence elites do not neatly conform to traditional notions of class, which are ill-equipped to chart their source of power. Diminished stability in the institutional ecosystem means that traditional notions of class are less likely to apply. Some influence elites are very wealthy, and may overlap with members of Sklair’s (2001) capitalist or transnational capitalist class (created in relation to transnational corporations). Yet while wealth can surely facilitate influence elites’ power, it can only partly account for it. These elites are defined not by wealth and thus are not synonymous with oligarchs (Winters, 2011), or the super-rich, whose rise, globalized lifestyles, and havens have been documented (e.g. Birtchnell and Caletrio, 2014; Shaxson, 2011). (This is not to say that influence elites do not interact with oligarchs and the super-rich; moreover, some of the latter may practice the *modus operandi* of influence elites and also qualify as such.) For the same reasons, influence elites also do not neatly coincide with Scott’s (1991) ‘capitalist class’, ‘upper circle’, or ‘ruling class’. On the other hand, Savage et al.’s (2005: 233) reconceptualization of class, concentrating on ‘the potential of different

“capitals, assets and resources” (with resources defined as economic, cultural, and social) to accumulate advantages’ may have the potential to more accurately track the resource bases of influence elites.

Further, how far and wide the new influence elites extend is a pressing area for continued investigation. Scholars and journalists have detailed their workings in the United States in arenas including finance, energy, health, and foreign policy (e.g. Domhoff, 2014; Fang, 2014; Wedel, 2009, 2014). While how far-reaching these elites are is, of course, an empirical question, some developments that nurture them (e.g. the internet) are nearly universal and others (e.g. financialization, privatization, deregulation) are widespread. Influence elites and their adjunct entities are seen in other Western democracies (e.g. in the United Kingdom; see Davis and Williams, 2017; Savage and Williams, 2008), post-communist states (Wedel, 2009: 55–72), and global venues (Wedel, 2014: 20–22).

Finally, elite studies are based on the premise that elites ‘shape social change’ (Savage and Williams, 2008: 8). We have seen how influence wielded from multiple, moving perches, inside and outside official structures, can greatly abet elites’ effectiveness, while obscuring visibility, trying public input, and rendering accountability more inscrutable. How do the new manifestations of power exhibited by influence elites shape democratic societies? Empirical studies addressing these questions will yield valuable findings that should help reframe, refocus, and revitalize elite studies for the 21st century, at a time when the need is perhaps more pressing and relevant than at any time in recent memory.

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Notes

1. This term was introduced by C. Wright Mills (1956: 4).
2. Observing social democracy in Germany and elsewhere in Europe, he postulated an ‘iron law’ of oligarchy in which power inevitably concentrates in upper echelons in societies with organized politics, rendering such societies inhospitable to democracy.
3. Businesses, for instance, are stretching into areas far beyond their reach just a few years ago, not to mention beyond regulation – as seen in large banks trading commodities like aluminum (Lopez, 2013).
4. The Pew Research Center (2006) asks: ‘Will we recall this as the year when journalism in print began to die?’ The answer, as one reads in subsequent Pew reports, is yes: causes include the profusion of free digital content pressuring

legacy media, and social media, with the mobile phone as a new medium exploding soon after.

5. See Hodge (2009) for a compilation of military and defense reporters in think tanks.
6. See COIN adherent Fred Kaplan's *The Insurgents: David Petraeus and the Plot to Change the American Way of War*, a Pulitzer finalist. In Kaplan's (2013) analysis, the insurgents are the COINdinistas, and the regime to be toppled the military bureaucracy.
7. The Pew Research Center notes a nearly 30 percent newsroom contraction from 2002 to 2012; new media growth, while brisk, has not filled the void (Jurkowitz, 2014; see also Barthiel, 2015).
8. One concerns a US-based flex net, dubbed the Neocon Core, a dozen or so players who helped take the United States to war in Iraq in 2003 (Wedel, 2009: 147–91).
9. These were London Business School professor Richard Portes (<http://faculty.london.edu/rportes/>) and Columbia University professor Frederic S. Mishkin (<http://www8.gsb.columbia.edu/cbs-directory/detail/fsm3>).
10. Indeed, Zald and Lounsbury (2010) argue for a broader notion of command posts. See also Barley (2010) and Reed (2012).

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Janine R. Wedel is an award-winning author, social anthropologist, and university professor in the Schar School of Policy and Government at George Mason University (also a Global Policy Chair at the University of Bath, UK, and a Fellow at the Hertie School of Governance in Berlin). Her most recent book, *Unaccountable: How the Establishment Corrupted Our Finances, Freedom, and Politics and Created an Outsider Class* (Pegasus, 2014), was named in Bloomberg's survey of 2014 favorite reads. Her other prizewinning books include *Shadow Elite: How the World's New Power Brokers Undermine Democracy, Government, and the Free Market* (Basic Books, 2009); and *Collision and Collusion: The Strange Case of Western Aid to Eastern Europe* (Palgrave, 2001). She has also published the jointly authored *Confronting Corruption, Building Accountability* (Palgrave, 2010) and *The Unplanned Society: Poland During and After Communism* (Columbia University Press, 1992), in addition to *The Private Poland* (1986).

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