$UPERHUBS

How the Financial Elite and Their Networks Rule Our World

SANDRA NAVIDI

NICHOLAS BREALEY PUBLISHING

BOSTON • LONDON
## Contents

Foreword xix

Introduction xxiii
  Genesis xxiii
  About This Book xxiv
  The Financial Industry and the Power of Networks xxv
  Applying the Lens of Network Science: Systems Thinking xxvi
  Crisis Alert xxvii
  Author’s Note xxviii

### CHAPTER 1
THE FINANCIAL UNIVERSE: AN INNATELY HUMAN SYSTEM 1
  The Stratosphere of Power: Davos 1
  The Orbit of the Financial Elite: The Gravitational Force of Networks 4

  *The Financial System: Applying the Lens of Network Science* 6

  *The Human Factor: The Power of Personal Connections* 7

  *Introduction: Meet the “Superhubs”* 8

  *Fault Lines: The Fragility of Our Financial System* 12

### CHAPTER 2
SUPERHUBS: THE FINANCIAL ELITE AND THEIR NETWORKS 15
  The Superhub Prototype: Hedge Fund Titan George Soros 15
### A Blueprint for Networks: Nodes, Hubs, and Superhubs—Bankers, Executives, and CEOs

- Financial Superhubs: Network Equals Networth
- Network Geography: Location Matters
- Location: Reputation Matters
- Reputation: Access Matters
- Access: Social Capital Matters

### CHAPTER 3

#### THE LINKS THAT CONNECT SUPERHUBS: MONEY, INFORMATION, AND OPPORTUNITIES

- Network Nucleus: Larry Fink
- Network Power: Money
  - The Printing Presses: Central Banks
  - Federal Reserve Chairman: In Charge of the World’s Reserve Currency
  - Central Bank of Central Banks: The Bank for International Settlements
  - A Primer on Banks: Regular and Shadow Banks
  - The Perpetual Crisis Manager: The International Monetary Fund
- Network Currency: Information
  - The Influence of Personal Connections
  - Information Access and Proximity
  - The Benefit of Connections in Tumultuous Times
  - Thought Leaders—Superhubs of Valuable Information
- Network Investments: Social Capital
  - Money + Information + Social Capital = Infinite Opportunities
CHAPTER 4
THE MATRIX: DECODING THE SUPERHUB DNA

The Alpha Personality: Jamie Dimon
55
EQ: Connecting Emotionally
58
Master Closers: Steve Schwarzman
59
Inquiring Minds
62
Inventing Ideologies
63
The Cult of Failure
64
CEOs—Chief Ego Officers: Bill Gross
65
On a Monomaniacal Mission: Ray Dalio
69

CHAPTER 5
HOMOPHILY: SIMILARITY BREEDS CONNECTION

The Charitable Superhub Network: The Robin Hood Gala
75
A Law of Nature: Why the Rich Get Richer
77
Global Conquest: The Transnational Financial Elite
77
Meeting of the Minds: Circle of Trust
78
The Hegemony of Homogeneity
79

The IQ Elite: A Master’s Degree in Networking
81
Network Plutocracy: “The Old Boys’ Club”
82
That’s Rich: Superhubs and Super-Riches
85
The “Flocking Effect”: The Superhub Habitat
89

CHAPTER 6
EXECUTIVE NETWORKING: RELATIONAL CAPITAL

The Superhub of Superhubs: Klaus Schwab
93
Friends with Benefits: Capital Networks = Network Capital
97

More an Art than a Science: Attraction + Interaction = Transaction
98
$UPERHUBS$

Digital Bits versus Human Touch 99
Beyond Networking: How to Win Friends and Influence People 100
The Alchemy of Chemistry: Charm Offensive 102
The Lords of Networks and Their Creations 103
Negative Notions on Networking 104
Think Tanks: Network Motherboards 105
INET: Connecting the Connected at Bretton Woods 106

CHAPTER 7
MEMBERS ONLY: THE EXCLUSIVE NETWORKING PLATFORMS OF THE GLOBAL SUPER-ELITE 109
A Dinner of Consequence: Attack on the Euro 109
Conspiracy Theories: An Explanation for Attempted Explanations 111
Why Networks Need Platforms: Connectivity 112
The Annual Power Circuit: Dispatch from Davos 112
The Global Financial Power Center: The International Monetary Fund 117
IMF Meetings in Istanbul: Dancing on the Titanic 118
Power Summit: The Bilderberg Conference 120
Stealth Power: Family Office Gatherings 122
Feeding Off Power: Power Lunches 124
Power Workout: Networking, Working, and Working Out 125
"Superhub-Nobbing": Private Parties 126
The Higher Purpose of Networking: The Charity Circuit 128

CHAPTER 8
OPPORTUNITY COSTS: THE DOWNSIDE OF THE UPSIDE 131
Missing Out on Memorable Moments 131
CONTENTS

Stress Test: When Being a Superhub Is Not So Super 133

Married to Their Jobs: Work-Family Life Imbalance 135

Media Madness: Living Under a Microscope 136

Super-Sick: Paying the Ultimate Price 137

Clash of the Titans: Close Combat and Coups d'État 139

Triumph and Defeat: A Turbulent Career 141

CHAPTER 9

"WOMENOMICS": THE MISSING LINK 147

The Gender Gap: Women Missing in Action 147

The Access Gap: Exclusive Means Excluding 148

The Networking Gap: Schmooze or Lose 151

The Assessment Gap: Performance versus Potential 152

The Wage Gap: Selling Women Short 153

The Failure Gap: Demoting Promotions 154

The Mentoring Gap: Missing Out on Mentoring 154

The Sexism Gap: The Wolves of Wall Street on the Prowl 155

The Resilience Gap: Male Might and Female Feebleness 156

Closing the Gender Gap: Superhub Christine Lagarde 158

CHAPTER 10

REVOLVING SUPERHUBS: CREATING NETWORK MONOPOLIES 163

Psychological Kidnapping 163

The Revolving Door 164

The Oscillating Megahub: Robert Rubin 165

Open Doors: Tony Blair 170

Cross-Connections: Cooperating Constructively in Times of Crises 172

Launching a President 173
"Legalized Corruption": The Best Democracy Money Can Buy 175

Purchasing Political Protection 175

Relationship Power: Diffusing the Euro Time Bomb 176

Super-Entity: The Capitalist Network That Runs the World 178

CHAPTER 11

DE-LINKED: EXPULSION AND COMEBACK 181

Sent into Exile: Dick Fuld 181

Shock-Resistant: Larry Summers’s Network 184

Meteoric Rise 185

Against All Odds 186

The Bull in Charge of the China Shop 187

Den of Thieves: Mike Milken 190

Complete Network Collapse: Dominique Strauss-Kahn 193

Ponzi Schemes and Sex Scandals: Buddy Fletcher and Ellen Pao 196

Omni-Connected: Michael Klein 203

CHAPTER 12

SUPER-CRASH: “EXECUTIVE CONTAGION” 207

The Crash of a Titan: John Meriwether 207

The Big Picture: Capitalism in Crisis 209

Debt and Financialization 210

Wealth Gap and Inequality 210

Globalization Winners versus Globalization Losers 211

Approaching the Tipping Point 212

When an Irresistible Force Meets an Immovable Object: Brexit 213

The Next Crisis: Systemic Failure and Contagion 214

The Culprit: The Superhubs or the System? 214

Disequilibrium: Superhubs Preventing the System from Correcting Itself 215
CONTENTS

"Executive Contagion": Executives Becoming Super-Spreaders of Risk 216
Averting Collapse: Thinking Differently 218
The Growth Premise: A Paradox? 219
Culture: The Value of Our Values 220
Recalibrating the System: Revolution or Evolution? 221
The Law and Ethics 222
Corporate Culture: Psychological Detachment and Willful Blindness 223
Incentives 224
A Sense of Purpose: Creating Value for Society 225
An “Evolving Revolution” 226

Acknowledgments 229
About the Author 233
Notes 235
Index 263