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Griftopia: A story of bankers, politicians and the most audacious power grab in American history  
by Matt Taibbi  
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When the market tanks, the word “volatility” usually comes up. Many of us imagine some great force causing those pensions to show losses or commodity prices to rise, like having only Mother Nature to blame when a natural disaster strikes.

But in the same way that a landslide can be traced back to wilful deforestation, Matt Taibbi’s book Griftopia, which was recently released in paperback, illustrates that the devastation in the US economy is also man-made and that those responsible for the disaster seeded some powerful storm clouds.

Taibbi puts a name – and lots of invective – to those whose actions caused trillions in damage, with his most colourful lines reserved for former Chairman of the Federal Reserve Alan Greenspan “who came to the rescue every time some juiced-up band of Wall Street greedheads drove their portfolios into a tree” and the firm of Goldman Sachs, “a parasitic enterprise that has attached itself to the American government and taxpayer and shamelessly engorged itself on us all.” Though he does place as much blame on a capitulating government, both Republican and Democrat, and a financial system that allows for so much manipulation.

Taibbi, someone who at times can go all Howard Stern on the reader, named his chapter on Alan Greenspan “The Biggest Asshole in the Universe.” In it, Taibbi documents several of the Fed Chair’s bonehead decisions and prognostications, brings up incidents that show that Greenspan enjoyed massaging his own image and that he was an inveterate social climber. Taibbi rails on him for printing up trillions in the middle of a massive stock bubble and blowing off his regulatory authority in the middle of an era of rampant fraud.

Taibbi lays out a polemic that is well argued, breaks down a complex story and shines a light on what went wrong – and, more colourfully, who did wrong.

A writer for Rolling Stone, Taibbi has done a great service for all of us whose eyes glaze over when reading words like securitization, credit default swaps and collateralized debt obligation. The reader eventually understands all the tools that caused so much damage, but even better, is left with clear images of greed, corruption and stupidity.

We also witness the damage as we meet someone who got ripped off by one of those mortgage experts crawling at the bottom of this toxic food chain as well as a person who can no longer drive to her job because of gas prices that had been inflated by a messed-with commodities market.

In a chapter he calls Hot Potato, the mortgage crisis is summed up like this:

“Money invented out of thin air in the form of a transparently bogus credit scheme, converted through the magic of modern financial innovation into highly combustible, soon-to-explode securities, and then quickly passed up the chain with lightning speed – from the lender to the securitizer to the major investment banks to AIG, with each party passing it off as quickly as possible, knowing it was too hot to hold. In the end, that potato would come to rest, sizzling away, in the hands of the Federal Reserve Bank.”

He calls Goldman Sachs “a company of criminals” and explains how they earned billions on the tech bubble, the housing crisis and the bailout. He also lays out how the more recent rise in commodity prices has also benefited them, while millions around the world joined the ranks of the hungry. A weird by-product of rising gas prices are the oil-rich countries’ groaning sovereign wealth funds that, among other things, buy up pieces and parts of cash-starved cities such as Chicago, which leased 75 years of parking revenue for an immediate chunk of money.

Worse than seeing the greed, corruption, criminality and selling America piece by piece is watching how this was allowed to flourish. Taibbi shows how politicians acquiesce, and their t-shirt slogans distract the American people from some serious issues.

Taibbi, in the paperback’s new introduction, laments that the US is increasingly forgetting this happened. That’s sad, since, he says earlier, the criminals will keep finding new schemes that are shrouded in complexity. At least this book will help many see that any further bad economic winds may have blown in thanks to some very human actions.