

Confidence Men- Wall Street, Washington, and the Education of a President
Ron Suskind

The story that can only be told by a insider with wonderful access

Two stories are intertwined – the ascent of Barack Obama and the crisis on Wall Street. One might say that they are incestuous Lee intertwined. Here in Eastern Europe we have an expression "government capture" to describe what happens when the oligarchs own the government. Barack Obama was ill-prepared to negotiate with Wall Street. They had the money and the expertise.

Suskind is kinder to Obama than other people who write about him, especially as his presidency appears to be sinking. Suskind takes at face value that Obama wrote Dreams of my Father and Audacity of Hope. He appears to believe, as other liberals do, that Obama is a genuinely smart fellow; that he rose to the heights he achieved on the strength of his own merits. Two books which challenge these hypotheses are "Deconstructing Obama" and "America's Half Blood Prince." The reader will come away from reading Suskind's book with a strong sense that the liberal establishment very much wanted Obama to succeed and championed him in every possible way. One senses that Suskind is, or at least was, in this camp. The reader should at least raise the question in his own mind about the degree to which they were willing to overlook and suppress negative data points about their man.

Suskind is a good craftsman with words. His description of the economic meltdown is very nicely done, with some nice turns of phrase. Many other books have been dedicated to the mortgage debt crisis. I recommend "The Big Short" as a very readable summary of the situation, one which goes somewhat deeper into its mechanics than this book. The beauty of this volume is the connection that it draws between, as the chapter is titled, "The Two Capitals," that is, the financial and the political capitals, New York and Washington.

His description of the corruption of Fannie Mae and Freddie Mac rings true. The leaders of those institutions became highly political, and abandoned prudent standards for underwriting in exchange for over-the-top salaries and political favors. Although the institutions were backed by the full faith and credit of the government, they were private entities in their structure, and free to shower largess on legislators. There were ample conflicts of interest; Barney Frank's are painted explicitly.

Suskind's treatment of Larry Summers dismissal assumes that Summers was totally wrong about the relative distribution of ability among men and women. He would have done well to examine the science himself. Summers argument is consistent with the findings of most major psychometricians, starting with Arthur Jensen. He should, however, have been better attuned to the politics of the situation, and aware of the vilification to which Jensen and other such scholars had been subjected over the years.

The book portrays Elizabeth Warren in a highly favorable light, as a champion for the average credit card consumer and mortgage borrower, absolutely too unsophisticated to comprehend the dangers implicit in the complex deals, the teasers offered by financial institutions.