

“The Big Short” Is A Bit Short In Missing The Reasons for The Financial Crisis

A Review of Michael Lewis’s Book

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It’s the number one book in the county. Every day, Michael Lewis’s the Big Short is getting BIGGER, no doubt because he is so mediagenic, conversational and likes to laugh with the hosts who interview him about his findings.

On Sunday, he laughed with Steve Kroft on 60 Minutes when the two bantered on about how stupid it all was and why so many smart people drank the Kool Aid. The story he tells has no hard edges really...it’s about “delusion,” Wall Street deluding us all and then each other.

The idea of delusions feeds a psychological and cultural analysis of bankers cut off from the world, focused on their own pocket books and believing their own hype. It is in this sense Shakespearian—the stuff of drama, not calculation. What a web we weave when first we practice to deceive, to quote Sir Walter Scott.

At one point in the 60 Minutes two part interview purporting to explain the collapse, Lewis drifts off message and calls it all, an “elegant theft.”

Theft is a word we associate with crime, not personal greed or human failings. But that point was left unexplored by 60 Minutes, of course, because if the story is about crime, than we have to move into the arena of facts, not just opinions, insights, hyperbole and personalities.

Ironically, many of the facts that Lewis himself cites comes from an undergraduate college thesis according to the Deal Journal of the Wall Street Journal which calls his book a “yam.” They note that his book credited “A.K. Barnett-Hart, a Harvard undergraduate who had just written a thesis about the market for sub prime mortgage-backed CDOs that remains more interesting than any single piece of Wall Street research on the subject.”

Perhaps even more interesting than his book?’

Earlier, Lewis told the Atlantic what his main sources of information are: “Actually, if you were to draw a pie chart of where I get news from, I bet I get a third from whatever people in Berkeley—specifically the parents’ at my kids’ school—are outraged about. I’m surrounded by people who are alive to what’s going on in the world and who are quick to be outraged by it.”

So there he goes again, with emotion and attitude apparently meaning more to him than fact finding.

Lewis has criticized those who criticize Goldman Sachs, according to Bloomberg, writing earlier, “bashing Goldman Sachs is Simply a Game for Fools.”

Which side is he on I would guess, his side? On 60 Minutes, TV’s top newsmagazine, he was described as a former trader. Not according to Janet Takakoli who runs her own financial firm:

“Imagine my surprise to see him billed as a trader on 60 Minutes, since he was actually a junior salesman, she writes on Huffington Post, “Well-heeled male peacocks strutted the trading floor, and junior salesmen were girlie-men, mere eunuchs serving their pashas.”

She also notes that he was among the “experts” who downplayed the warnings about the very financial crisis that he has suddenly, thanks to validation from CBS and MSNBC, become THE expert on, charging, “he ridiculed their concern of a pending crisis due to the surge in derivatives demand and called it “this year’s case in point.” Then Michael showed how dangerous it is to be a brilliant writer with a poor command of facts and their true meaning”

Financial analysis is not what the media is well equipped to communicate. As a media dissector and editor of Mediachannel, I have followed the reporting of this story closely with many detailed articles and in two books since, even before it became a story back to 2005 when I made my film IN DEBT WE TRUST only to be dismissed by some as a doom and gloomer for exposing the subprime mortgage fraud.

I was hoping that Rachel Maddow would challenge his mass delusion theory but she bought right into it also, in her interview. At one point Lewis opined that there was DECEPTION (i.e., lying by the investment world) but that too was not examined as Lewis himself counterpoised two explanations for the disaster, asking, “was it mass delusion or crime?

And then he “answered” his own question or appeared to, by asserting that when you ask the people involved, they say it was delusion.

Duh, Michael? What do you think they would say? Do think they would cop to their own criminality? For them, it was all one big miscalculation, never mind who got hurt, which neither 60 Minutes nor Maddow explored.

Sorry to say, Jon Stewart did no better with his part of Lewis’ all star media mystery tour. He did introduce him as one of the people making big money on the crisis but then jokingly let him ramble on, praising the sometimes weird people who made small fortunes betting against Wall Street. They were his heroes. Again no concern was expressed for the people they cheated—only the idiots who lost money in the” kingdom where the blind man was king.”

Lewis like many non-fiction novelists prefers character-based story telling or “yarns” to more objective analytical investigation. It makes for better narratives, and bigger best sellers. It also gets e interviewers laughing instead of crying. Why? Because there are only smart men doing things that turn out to be stupid, it makes us all feel superior to them even if they had the last laugh on the way to the bank.

Sorry, the Big Short seems short—short of a serious consideration of what really drove the

financial crisis and the reason that 82% of the American people recently said they want a crack down on Wall Street, not a chance to feel sorry for the “delusions” of its masters of the universe. They want a jail out—not a bailout.

On the very day of Rachel’s fawning, but well intentioned interview, United States Senator Ed Kaufman of Delaware, the state that provides a sanctuary for most US corporations and credit card companies, made a speech which got at the heart of the matter.

Senator Kaufman did not get lost in the vague clouds of “delusion.” He was more down to earth arguing.

“Fraud and potential criminal conduct were at the heart of the financial crisis”

Let me repeat and capitalize this brave Senatorial assertion: “FRAUD AND POTENTIAL CRIMINAL CONDUCT WEERE AT THE HEART OF THE FINANICAL CRISIS”

The Senator goes on: “Americans could draw at least three lessons from the (Lehman) report: that we must “undo the damage caused by decades of deregulation;” that the United States must “concentrate law enforcement and regulatory resources on restoring the rule of law to Wall Street;” and that Congress must help regulators and other gatekeepers “by providing clear, enforceable ‘rules of the road’ wherever possible.”

Unfortunately, says Kaufman, “I’m concerned that the revelations about Lehman Brothers are just the tip of the iceberg. We have no reason to believe that the conduct detailed last week is somehow isolated or unique. Indeed, this sort of behavior is hardly novel.”

Now, it so happens that I have been making a similar argument in my own book THE CRIME OF OUR TIME, and a film PLUNDER THE CRIME OF OUR TIME.” But I am not a former Wall Streeter or best selling author or a US Senator. So my work and the work of many other “outsiders” are still unknown.

The media prefers to seek the truth from the very people who either caused the crisis or who were in media perches that ignored it.

The point is that many people, many very qualified who have arguing the crime thesis—some in my film—have not so far had the benefit of the prime time exposure even though the American people believe it even was the media downplays it.

Will that change? Only if the people don’t believe the hype and demand the truth!

News Dissector Danny Schechters film and book will be released in April by Disinformation. For more information, [Http://www.plunderhecrimeofourtime.com](http://www.plunderhecrimeofourtime.com). Comments to dissector@mediachannel.org

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