



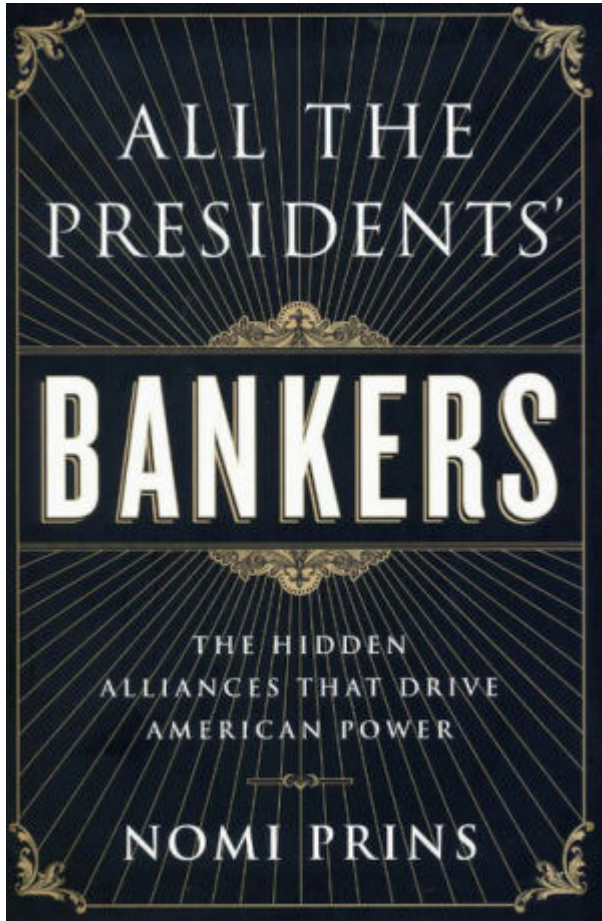
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DAILY NEWS

'All the Presidents' Bankers' a wake-up call

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"All the Presidents' Bankers: The Hidden Alliances that Drive American Power," by Nomi Prins. New York: Nation Books, 2014. 521 pages, \$32.99.



“When America entered the 1910s, it was not yet the global financial superpower that it would become by decade’s end,” Nomi Prins explains near the beginning of “All the Presidents’ Bankers: The Hidden Alliances that Drive American Power,” her new best-seller outlining how the banking industry came to dominate the American way of life during the last century.

“The nation’s economic foundation was already transforming irrevocably in that direction,” she writes. “The baron industrialists and their sons had reinvented themselves as financiers; making money would no longer occur in tandem with production but would be an end unto itself.”

Prins is a senior fellow at Demos, a public think tank, and her résumé includes stints in leadership positions at Goldman-Sachs, Bear Stearns, Lehman Brothers and Chase Manhattan Bank. A frequent TV and radio commentator, she has also written for the New York Times, Fortune, Mother Jones and the Guardian. Her previous books include “Other People’s Money: The Corporate Mugging of America,” “It Takes a Pillage: An Epic Tale of Power, Deceit and Untold Trillions,”

“Jacked: How ‘Conservatives’ Are Picking Your Pocket (Whether You Voted for Them or Not),” and “Black Tuesday: A Novel.”

“All the Presidents’ Bankers” is meticulously researched, with 70 pages of source notes at the conclusion of the introduction and 19 chapters that constitute the main text. Two features I found especially helpful as I made my way through this tome were the inclusion of a five-page “Cast of Main Characters” at the beginning and a six-page “Glossary of Financial Terms” near the end. It was nice to be able to flip back to the first few pages when I encountered names such as Thomas Lamont, Winthrop Aldrich and Dennis Weatherstone III. Similarly, it was convenient to have access to a glossary explaining terms most of us have heard but may not know exactly what they mean. Answer honestly: Do you know what constitutes a bankers’ acceptance? How about a collateralized debt obligation? The author definitely wants to make sure her manuscript is accessible by those without a formal background in finance or investment.

While her previous books dealt with specific issues and concerns associated with more isolated events in our economic and political history, “All the Presidents’ Bankers” takes us on a journey through the past 100 years. Prins lays out, in great detail, how we arrived at the present moment. The book is as much about the evolution of political ideas as it is about the consequences of particular economic policies. Her writing style is forceful and convincing; she goes to considerable lengths to make a definitive case for her primary thesis. Witness the following from “The Early 1930s: Tenuous Times, Tax-Evading Titans,” the sixth chapter:

“FDR’s legacy would lead Democratic and Republican presidents alike to invoke the power of the federal government to preserve economic stability in ways they deemed necessary for the overall population, though few presidents would be able to do so while balancing such a tight alliance with the nation’s key financiers. FDR restored public confidence in banking. He propped up capitalism and saved the bankers from themselves, with their blessings. In addition, his actions instigated a changing of the guard in the banking industry, which saw a new generation of less risk-taking, more public-minded (though still exceptionally powerful) internationalist bankers take their positions at the top of the American and global banking hierarchy.”

It is important to understand that Prins is not writing about some sinister, over-arching conspiracy theory; rather, her aim is to shed much-needed light on how close ties between government and financial institutions provided opportunities for a few key players to take advantage of a unique set of circumstances. There have always been those who, by virtue of their creativity, foresight, timing and sheer determination, are able to work virtually any situation to their benefit. In most instances, their motivation is as old – and as fundamental to human nature – as antiquity itself. Accumulating personal wealth is really all about having the right relationships.

Although I found the historical perspective Prins presents to be essential to a comprehensive and coherent understanding of the economic events currently unfolding both worldwide and particularly on the domestic front, my favorite chapter was undoubtedly “The 2000s: Multiple Crises, the New Big Six, and Global Catastrophe.” Here, the author provides a concise yet surprisingly comprehensive description of the end result of a trend line set in motion by the infamous Panic of 1907. For instance:

“The Bush and Obama presidencies represented a climax in the development of relationships and co-dependent actions that began with Teddy Roosevelt. But whereas Roosevelt, Wilson, FDR, Eisenhower and Johnson had nursed synergies that enabled useful public-oriented legislation, Bush and Obama had become followers and reactors to bankers’ whims. By the 2000s, bankers no longer debated economic policy in thoughtful correspondences with presidents or Treasury secretaries, as they once had. Alliances abounded, but their character was more perfunctory. Top bankers visited the White House and attended government functions, but their efforts were recklessly self-serving and one-sided.”

“All the Presidents’ Bankers” is required reading for anyone who wants a realistic explanation of how the economic system in the United States is increasingly tilted in favor of those who move in the right circles – and why, as a nation, we are very much on the verge of going from great to good. I encourage everyone to read this book and reflect deeply on the wake-up call Prins is desperately trying to get us to hear.

— *Reviewed by Aaron W. Hughey, Department of Counseling and Student Affairs, Western Kentucky University.*