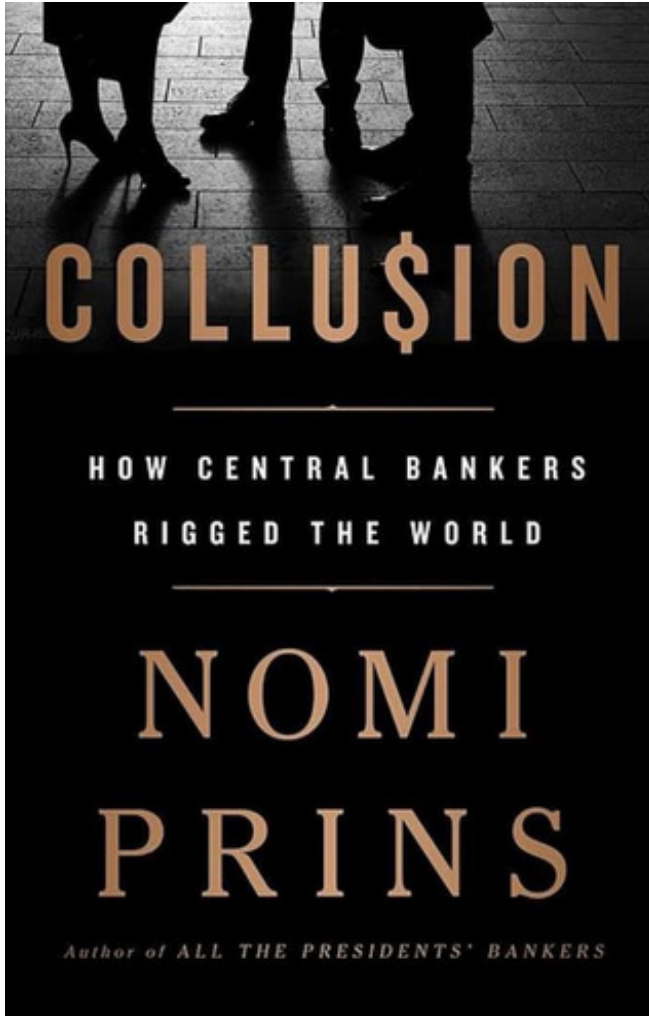


RIGGED SYSTEM

Author explores central banks' powers

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"Collusion: How Central Bankers Rigged the World" by Nomi Prins. New York: Nation Books (an imprint of Hachette Book Group), 2018, 384 pages, \$36.50 (hardcover).



“Classically, central banks hold reserves in case of emergencies, set interest rates and allocate funds to calm or restructure the world after panics or wars,” Nomi Prins explains near the beginning of “Collusion: How Central Bankers Rigged the World,” her captivating look at the unprecedented hold central banks exert over global economies. “The more recent role they have assumed is one of securing the entire financial system and influencing the economic trajectory of entire sovereign nations.”

“This is the antithesis of democratic rule,” she continues. “Such a monetary oligarchy operates beyond democratic norms and limits. The scope of their activities, and the sheer level of international coordination and its results, was unthinkable before 2008.”

So begins the author’s chilling foray into the world of a relatively few individuals who, through the institutions they lead, vicariously make the rules everyone else must abide by – including the most advanced nations. “Collusion” really is an exposé of the highest order – an all-inclusive and wide-ranging attempt to draw back the curtain and illuminate those who are truly pulling the strings controlling the progression of world events. But unlike the “Wizard of Oz,” this is not a movie and

the stakes could not be higher. If central banks continue their present policy of playing god, the consequences could be disastrous.

“Collusion” is meticulously researched, with 80 pages of source notes at the end of the introduction, six chapters and a conclusion comprising the main narrative. Prins leaves virtually no stone unturned in this comprehensive and mesmerizing indictment of central banks and the unscrupulous methods they have adopted in recent years.

I was also grateful for the inclusion of a list of key players at the front of the manuscript as well as a glossary in the back. Both helped keep the story flowing coherently with minimal distractions regarding who did what. How else would I have known it was Guido Mantega, Brazil’s divisive minister of finance, who first coined the term “currency wars” or that the prevailing monetary and

exchange rate system was established by delegates from 41 countries who drafted the Bretton Woods Agreement way back in 1944?

Each chapter is thematic to a particular region of the world: Mexico, Brazil, China, Japan, together with two sections on Europe. In painstaking detail, Prins describes how the Banco de México desperately attempts to navigate its country's complicated relationship with the United States, especially since the election of Donald Trump; how Brazil tried to challenge the dollar's preeminent status as the global currency standard only to find itself mired in domestic scandal and interjected into the perilous undercurrents between the United States and China; how China used dark money to artificially enhance its position as an economic superpower; how Japan benefited from the ongoing and escalating rivalry between the United States and China; and how the European response to the financial crisis during the last decade fueled widespread instability, ultimately leading to heightened tensions between the European Union and Germany, culminating in Britain's controversial decision to secede from the EU.

A tall order? Absolutely.

But I was truly impressed by the way Prins is able to deliver on every aspect of this ambitious and revolutionary treatise on the inherent problems central banks inevitably precipitate, given the role they have assumed during the course of the last 10 years. Make no mistake, this is not a speculative, hypothetical or conspiracy-driven endeavor. "Collusion" is a fact-based story masterfully rooted in reality. Every assertion is corroborated, and every conclusion is backed up with overwhelming evidence. As such, Prins is able to write with an authority virtually nonexistent – or certainly unrivaled – among her peers.

Before launching her career as an author, Prins was a managing director at Goldman Sachs as well as a senior managing director at Bear Stearns in London, where she oversaw the international analytics group. She completed her undergraduate degree at the State University of New York, Purchase, where she majored in mathematics before earning a master's degree in statistics from New York University. Her articles have been featured in the New York Times, Forbes, Fortune, the American Prospect, the Guardian and the Nation. This is her sixth book; her previous releases include "All the Presidents' Bankers: The Hidden Alliances that Drive American Power," "It Takes a Pillage: Behind the Bonuses, Bailouts, and Backroom Deals from Washington to Wall Street," "Other People's Money: The Corporate Mugging of America," and "Black Tuesday." I reviewed "All the President's Bankers" and "Black Tuesday" for the Daily News in 2014 and 2012, respectively.

In the final analysis, you might be saying to yourself, why does all this matter and why do I think "Collusion" is such an important book? My grandparents lived through the Great Depression. If I interpreted their reactions to the experience correctly, it was not something they remembered favorably. Personally, I witnessed the recessions of 1973-75 and 1980-82. And the 2008 debacle still reverberates right up to the present day. As to what might lie ahead, let me simply defer to Prins, and the eloquent and cautionary way she brings her book to a close:

"The threat of a collapse larger than the 2008 financial crisis looms because of the plethora of asset bubbles that central banks have created and fueled – setting the scene for a disastrous fall. That fall could also happen for other reasons given escalating tension in North Korea altering how banks operate in that region, economic sanctions from the United States, a corporate credit meltdown in Latin America, an implosion in the Chinese real estate market, Southern EU countries buckling under the precarious state of their banks and economies, or a big bank bet going wrong. It only takes one domino to fall to wipe them all out."

Hang on, we could be in for a wild ride ahead over the foreseeable future. At least we can't claim we weren't warned. I recommend this one highly.

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