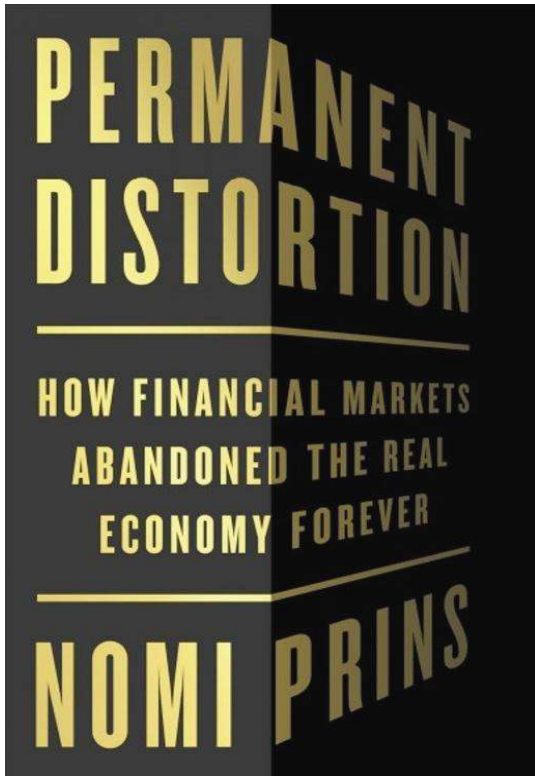


‘Permanent Distortion’ reveals U.S. economic forces at work

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“Permanent Distortion: How the Financial Markets Abandoned the Real Economy Forever” by Nomi Prins. New York: PublicAffairs (Hachette Book Group), 2022, 320 pages, \$30.00 (hardcover).



“If you’ve ever wondered why the stock market seems to always go up but your own financial situation doesn’t behave in the same way, you’re not alone — and you’re not crazy,” Nomi Prins notes at the beginning of “Permanent Distortion: How the Financial Markets Abandoned the Real Economy Forever,” her latest persuasive and intrinsically insightful attempt to educate us on the intricacies of the economic realities in which we are inexorably submerged. “There are forces at work that fuel financial markets at the expense of destabilizing the real economy. In the world that most of us inhabit, people are struggling to pay rising bills and working grueling hours to make ends meet.”

“There have been two major financial crises since the dawn of the twenty-first century: the Great Recession of 2008 and the pandemic of 2020,” she continues a little later. “But there has only been one response from the most powerful governments, institutions, central banks, and political leaders. Their collective reactions have fostered a desolate landscape of frenetic economic consequences. What that produced is a wave of

intensified and widespread social unrest, disjointed political upheaval, dangerous extremism, punishing trade wars, and sweeping isolation.”

“Our economic dystopia isn’t simply the result of responses to a once-in-a-century pandemic,” the author asserts poignantly. “Something more is at work.”

What follows is a meticulous dissection of exactly what that “more” is, together with incontrovertible evidence for her primary thesis — namely that the current imbroglio in which we find ourselves had its genesis in the emergency response to the financial crisis of 2008 and that things have basically been spiraling out of control for most of us ever since. One of the main culprits, according to Prins, was (see if this jogs your memory) “quantitative easing,” i.e., the injection of massive amounts of cash into the economy. What began perhaps as a well-intentioned effort to prevent a total meltdown quickly morphed from a relatively short-term solution to a seemingly more permanent long-term addiction. The end result is what we see today: an increasingly polarized society populated by two distinct groups, the mega rich and everyone else.

Don’t believe we’re living in two different yet parallel universes? Consider the following from “The Three I’s: Infrastructure, Inflation, and Inequality,” the seventh chapter and one of my personal favorites:

“Even before the pandemic, only the richest 20 percent of American households had fully recovered from the 2008 financial crisis. In 2021, the top 1 percent of Americans possessed more wealth than

the entire middle class, a phenomenon that had first emerged in 2010. In that top 1 percent, were 1.3 million households, out of 130 million nationally. Those households, which included about 3.8 million people who each made more than half a million dollars a year, held a total of \$41.52 trillion at the end of 2021, according to the Federal Reserve. That was \$10 trillion more than the comparable figure at the end of the first quarter of 2020. The total wealth of the top 10 percent shot up to a massive \$90.32 trillion, an increase of \$18.5 trillion. U.S. billionaires saw their wealth increase by 62 percent during the pandemic. In contrast, the total wealth of the bottom half of American households flatlined at \$2.62 trillion. Much of that wealth increase at the top was due to stock and financial investment price increases, because the wealthiest 10 percent of Americans own an estimated 89 percent of U.S. stocks and mutual funds.”

Has your head exploded yet? Just wait till Prins explains the implications of that disparity for the “average” American.

“Permanent Distortion” is extensively researched, with 70 pages of source notes at the conclusion of the 10 chapters arranged in four major sections: “Part I: Chaos,” consisting of the first two chapters; “Part II: Addiction,” comprising the next two chapters; “Part III: Overdrive,” the following three chapters; and “Part IV: Metamorphosis,” the final three chapters. As usual, her literary style is readily accessible to both those well-versed in the nuances of the finance circles through which she moves so effortlessly as well as the generalist who is just looking to make sense of the economic realities they experience on a daily basis. I have always appreciated her ability to connect with the experienced professional as well as the unassuming novice; she is one of the best communicators I have ever had occasion to encounter in the publishing world.

A former Wall Street executive (Managing Director at Goldman Sachs), Prins is an accomplished journalist, keynote speaker, and a well-respected TV and radio commentator. She has a bachelor’s degree in Mathematics from SUNY Purchase and a master’s degree in Statistics from New York University; her PhD is in International Strategic Studies with a specialization in International Political Economy from The Federal University of Rio Grande do Sul. Her writing has been featured in *The New York Times*, *Forbes*, *Fortune*, *Newsday*, *The Guardian*, *The Nation*, *New York Daily News*, *La Vanguardia*, and *Salon.com*; she has appeared on the BBC, CNN, CNBC, MSNBC, CSPAN, Democracy Now, Fox and PBS. Her previous books include the best-selling “*Collusion: How Central Bankers Rigged the World*,” “*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*,” a historical novel about the stock market crash of 1929. I have reviewed several of her previous books for the Daily News.

The picture Prins paints in such painstaking and unflinching detail is not pretty. But more people need to know how the policies implemented and espoused by our largest financial institutions (and the politicians they have in their pockets) have precipitated a world in which the shockingly few have more than they need while the vast majority struggle just to survive. And if you are one of those amazingly naïve folks who assume the rich “deserve” what they have accrued due to their cleverness and hard work (a myth they tend to perpetuate at every available opportunity), you really need to read “Permanent Distortion.” Maybe then you’ll wake up. Highly recommended.

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