'Confidence Men,' by Ron Suskind: review
Glen C. Altschuler, Special to The Chronicle
Sunday, November 13, 2011

Confidence men
Wall street, washington, and the education of a president
By ron suskind
(Harper; 515 pages; $29.99)

"You need to ask yourself why you want to do this," Michelle Obama told her husband in December 2006. "This I know," he replied. "When I raise my hand and take that oath of office, I think the world will look at us differently."

Obama did not know then, of course, that as president he would inherit the greatest financial crisis in American history since the Great Depression. He should have suspected, however, that in addressing an urgent domestic agenda in a polarized and paralyzed political environment, being smart and self-confident wouldn't be enough.

In "Confidence Men," Ron Suskind, the author of "The One Percent Doctrine" and former national affairs writer for the Wall Street Journal, provides a hard-hitting assessment of the inner workings of the Obama administration. Soon after he was sworn in, Suskind suggests, the White House slipped "into a kind of dysfunction," as Obama, "who had never managed anything beyond his own personal journey," failed to turn energy, ebullience and eloquence into effective action.

Drawing on hundreds of interviews, many of them dis-and-tell, the book is full of headline grabbers. "We're home alone," Lawrence Summers, head of the National Economic Council, tells colleagues. "There's no adult in charge." And, according to several senior staffers, Obama was a "guy's guy," who allowed his White House to become a hostile workplace for women.

Suskind believes that the financial services industry, which he likens to a criminal syndicate led by "ego-addled" CEOs, and the "too big to fail" philosophy they propagated, were the principal causes of America's economic meltdown and the agonizingly slow pace of recovery. Obama, he emphasizes, should have adopted the "rip the bandage off" scenarios proposed by a reform-minded group of advisers that included Paul Volcker, Robert Reich and Elizabeth Warren.

The die was cast for business as usual, Suskind claims, when Obama chose Summers, Rahm Emanuel and Timothy Geithner as his principal policymakers. Seasoned Washington hands, with close ties to Wall...
Street, they persuaded the president to pump money into banks so that credit would start to flow again -
and to do or say nothing in his first year in office, including setting limits on compensation, indicting
malefactors or proposing regulatory legislation, that might disrupt shaky markets. When the president
told his team to wind down Citigroup, they "slow-walked" implementation and then killed the idea.
Obama, Suskind suggests, "had been well managed."

And he squandered a chance to change the culture. In 2009, Suskind writes, Americans had begun to
doubt "the era's prevailing certainties": that markets are efficient, financial titans are brilliant and
manufacturing is in an irreversible decline. "With the eyes of the country on him," however, the president,
who had promised that he would get big things done ("I wasn't sent here to do school uniforms"), found
himself embracing a "clever version of the middle ground."

Suskind's indictment is neither unfamiliar nor without merit. Except for a few memorable speeches,
Obama has failed to frame the issues for the American people. He has seemed passive, ceding the
initiative to others. And he has negotiated with himself or compromised with Republicans (and members
of his own party) on health care, taxes and the debt ceiling without staking out the principles (beyond
pragmatism) on which he is willing to make a stand.

Nonetheless, Suskind's Occupy Wall Street approach downplays the challenges Obama faced - and his
accomplishments. His biggest problem, quite clearly, was unemployment. Although the Democrats
controlled the House of Representatives and the Senate in 2009, a stimulus package greater than $800
billion had no chance of passing - and the federal government had no other tools available to promote job
growth. As high unemployment persisted, Obama's job approval (and his political capital) plummeted.

Given these constraints, Obama has gotten a lot done. Although his health care bill did little to contain
costs and did not provide a "public option," he succeeded where Franklin Roosevelt, Harry Truman and
Bill Clinton had failed. The Affordable Care Act of 2010 provides coverage to about 32 million people,
without adding to the federal deficit. And, although the Dodd-Frank bill does not solve "too big to fail," it
does require banks to keep a share of the mortgage-backed securities they sell, regulates some derivative
trades and creates a new consumer financial products agency.

To be sure, Obama is, as Suskind suggests, no longer "looking down from Olympian heights, thinking
about his place among history's giants." Recognizing that his fate rests with economic forces beyond his
control and the strengths and weaknesses of his Republican opponent in 2012, he's improvising. He's
beginning, it appears, to act on advice endorsed by Volcker and Summers: "that the important thing is just
to be caught trying."

Glenn C. Altschuler is the Thomas and Dorothy Litwin Professor of American Studies at Cornell
University. E-mail comments to books@sfchronicle.com.

This article appeared on page FE - 5 of the San Francisco Chronicle

© 2011 Hearst Communications Inc. | Privacy Policy | Feedback | RSS Feeds | FAQ | Site Index | Contact