

The Great American Bubble Machine

In a lengthy expose, Rolling Stone.com columnist Matt Taibbi explores Goldman Sachs' role and participation in every major economic cyclical expansion and bust throughout the last century. His thesis is quite simple, that Goldman has managed to position itself to gain from every major speculative bubble this century by manipulating the regulatory structures and regimes, all with the tacit approval of our government and politicians. Goldman has managed to secure this approval by positioning its minions deep inside government and in highly influential private and public positions. The number of senior Goldman executives who occupied high level government positions or have become executives at other financial services firms is staggering: Robert Rubin, Bill Clinton's former Treasury secretary and former Citibank chairman; John Thain, chief of Merrill Lynch; George Bush's last Treasury secretary, Henry Paulson, who was Goldman's CEO; Joshua Bolten, Bush's chief of staff, and Mark Patterson, the current Treasury chief of staff. This is just the short list, and does not include dozens of other, less senior executives.

Taibbi explores the major economic bubbles that created, and destroyed vast wealth this century: the Great Depression, the internet tech bubble, the housing bubble and the oil and commodities bubble. Goldman's exploitation of these bubbles was aided and abetted by a complicit government, and Taibbi repeatedly demonstrates that it was the failure of government (after intense lobbying by Goldman and its cohorts) to properly regulate the financial markets that led to these speculative excesses. Government's unwillingness to regulate or police the financial markets and the resultant weak or ineffectual limits that were implemented are a form of structured fraud. The dismantling of many regulatory regimes that previously limited or otherwise prevented these excesses created these opportunities, and Taibbi painstakingly details the history of Goldman's manipulation of the lax or ineffectual regulatory structure. **Structured fraud** has altered the financial playing field in this country to such a degree that the masses (that's you and I) have little hope of leveling the playing field without great assistance or significantly enhanced legal structures that currently don't exist. Structured fraud has been systemically woven into the current financial regime, and it's all quite legal. This article is a "must-read" for anyone who wants a penetrating understanding of how our financial system has been manipulated for decades.

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