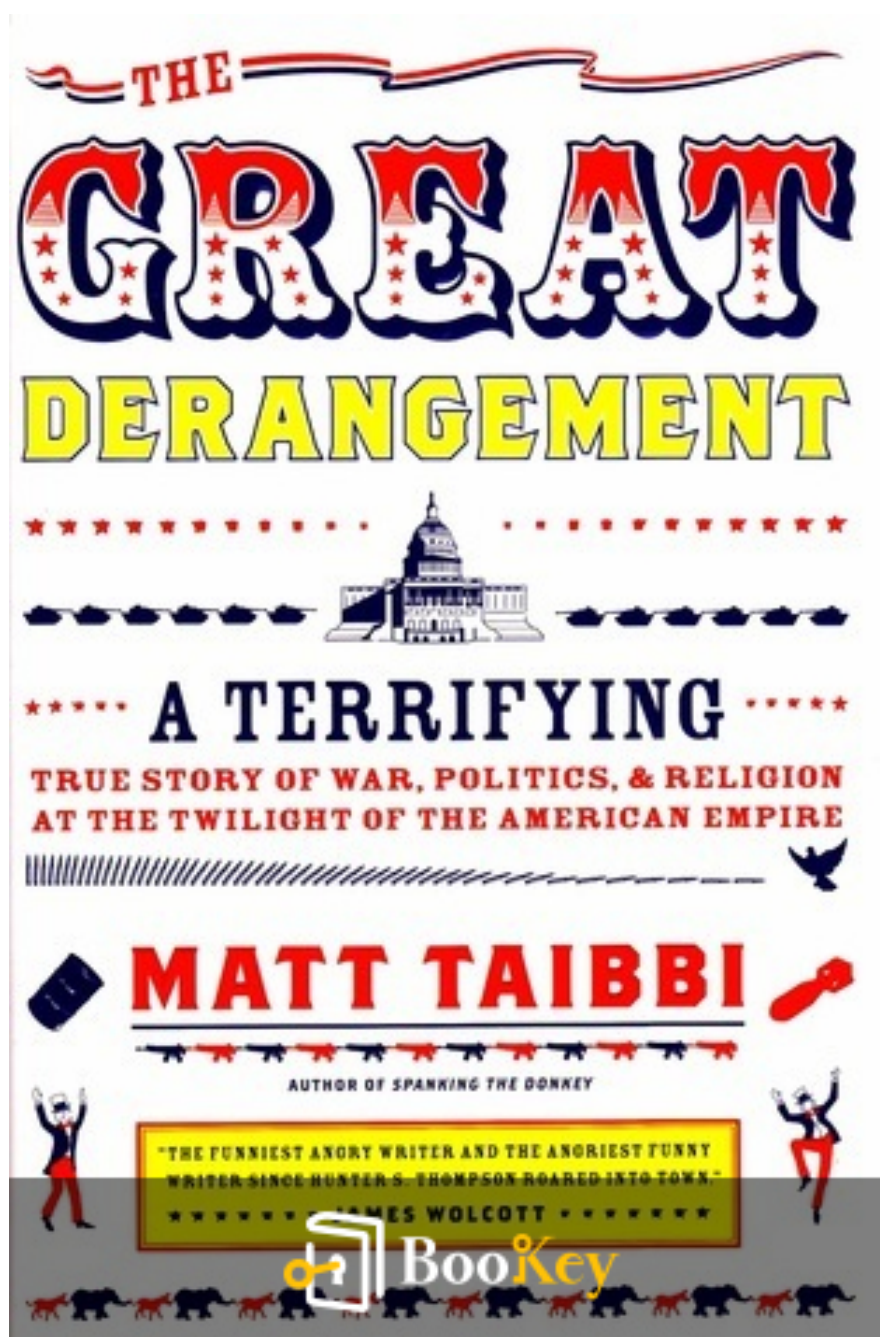


# The Great Derangement By Matt Taibbi PDF (Limited Copy)

Matt Taibbi



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# **The Great Derangement By Matt Taibbi Summary**

Exploring America's Fractured Reality in a Post-9/11 Landscape.

Written by New York Central Park Page Turners Books Club

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## About the book

In *\*The Great Derangement\**, Matt Taibbi undertakes a darkly humorous yet astute examination of the United States in the aftermath of the September 11 attacks. The narrative is anchored by Taibbi's journey through diverse and often conflicting realms of American life, including the corridors of power in Washington D.C., the tumultuous landscapes of Baghdad, and the fervent congregations in evangelical churches.

His exploration reveals the stark disconnect between the American populace and the political elite, particularly during the presidency of George W. Bush, who oversaw extraordinary shifts in national and global dynamics. Taibbi's observations lead him to a central theme: many citizens, disillusioned by rampant electoral corruption and a complacent media, have sought refuge from mainstream politics, embracing what he terms "The Great Derangement."

To illustrate this phenomenon, Taibbi immerses himself in four significant subcultures that reflect the national malaise: the military, where soldiers grapple with the realities of modern warfare; the political landscape, marred by partisanship and disillusionment; the 9/11 Truth Movement, a group questioning the official narratives of the attacks; and the evangelical church, where faith intersects with politics and identity.

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As he navigates these worlds, Taibbi crafts a compelling and unsettling portrait of a nation in crisis, searching for direction amidst chaos and often misguided beliefs. The narrative is both insightful and tragic, offering a poignant commentary on the complexities of American identity at the close of a tumultuous era. Through wit and sharp analysis, Taibbi captures the essence of a society struggling with its values and purpose in an increasingly bewildering world.

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# About the author

## ### Summary of Chapters

### \*\*Chapter 1: The Unraveling of Trust\*\*

In this chapter, we are introduced to the foundational crisis that has beset American society—the decline of trust in institutions, which Taibbi argues is at the heart of modern discontent. He outlines how both government and media have failed to uphold public faith through a series of scathing revelations and cover-ups, culminating in a pervasive sense of disenchantment. Background on the 2008 financial crisis provides context, as it signals a turning point where many Americans began to question the motives behind various institutions, leading to a frantic search for credibility in an increasingly polarized environment.

### \*\*Chapter 2: The Media Landscape\*\*

Taibbi dives into the evolution of media, exploring how it has shifted from traditional journalism to sensationalist reporting. He critiques the rise of social media and its impact on public discourse, noting how quick access to information can often lead to misinformation and a mistrust of sources. This chapter features insightful commentary on how media sensationalism tends to prioritize profit over integrity, thereby contributing to a wider narrative of betrayal experienced by the public.

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### **\*\*Chapter 3: Political Polarization\*\***

Here, Taibbi examines how political polarization has entrenched itself in American culture, causing divisions that hinder constructive dialogue. He discusses the emergence of partisan media outlets and their roles in reinforcing echo chambers, which limit understanding and accountability among opposing political views. The chapter draws on examples from recent elections, illustrating how fear and misinformation were weaponized to manipulate public opinion, paving the way for extreme political factions and ultimately, a fragmented society.

### **\*\*Chapter 4: The Mechanics of Control\*\***

In this chapter, Taibbi uncovers the mechanisms by which power operates within both media and politics. He outlines how PR firms, lobbyists, and corporate interests shape narratives and influence politicians, leading to a system that prioritizes wealth over the will of the people. This entanglement complicates any attempts at reform, as the public is left feeling powerless. Taibbi's critical examination of these dynamics highlights the need for systemic change and a return to accountability.

### **\*\*Chapter 5: Resisting the Narrative\*\***

The final chapter pivots towards hope and resistance. Taibbi discusses various grassroots movements and independent journalism efforts that aim to challenge the dominant narratives propagated by traditional institutions.

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By providing tools for critical thinking and fostering community-based dialogue, these initiatives strive to restore trust and empower citizens. Taibbi emphasizes that while the current landscape is fraught with challenges, collective action and informed engagement hold the potential for real change.

Overall, Taibbi's work provides a compelling exploration of the interconnected crises within American journalism, politics, and society. His sharp analysis, bolstered by historical context, encourages readers to grapple with pressing issues and seek a more credible and unified future.

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# Summary Content List

Chapter 1: 1. The Grifter Archipelago; or, Why the Tea Party Doesn't Matter

Chapter 2: 2. The Biggest Asshole in the Universe

Chapter 3: 3. Hot Potato: The Great American Mortgage Scam

Chapter 4: 4. Blowout: The Commodities Bubble

Chapter 5: 5. The Outsourced Highway: Wealth Funds

Chapter 6: 6. The Trillion-Dollar Band-Aid: Health Care Reform

Chapter 7: 7. The Great American Bubble Machine

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# **Chapter 1 Summary: 1. The Grifter Archipelago; or, Why the Tea Party Doesn't Matter**

## **The Grifter Archipelago: Why the Tea Party Doesn't Matter**

In the context of the 2008 Republican National Convention, Matt Taibbi illustrates the chaotic political landscape during a pivotal presidential campaign, particularly through Sarah Palin's vice-presidential acceptance speech. This moment was charged with tribal sentiment, paralleling the rising political tensions against the backdrop of an impending economic collapse—a crisis largely ignored by the mainstream media.

Taibbi critiques how journalists failed to recognize the severity of the financial turmoil unfolding due to an unsustainable real estate bubble. Instead of focusing on the pressing economic issues, many in the media were preoccupied with trivial campaign theatrics.

Palin's speech becomes a focal point, cleverly harnessing the emotions of her audience by framing an “us vs. them” narrative. She presents herself as a voice for “real Americans,” effectively positioning herself against elite interests. This shift marks a transformation in political discourse where emotional appeal surpasses substantive policy discussions, signaling a move toward celebrity culture in politics.



As the political climate evolves, the emergence of the Tea Party signifies a populist movement reacting to perceived injustices facing the middle class, fueled by economic fears. However, Taibbi points out the inherent contradictions within the Tea Party's rhetoric. While its grievances regarding government overreach resonate with legitimate concerns, the movement often misdirects its ire, failing to confront the complex realities of economic exploitation.

Michele Bachmann epitomizes the anti-intellectualism that Taibbi associates with the Tea Party. Despite her public gaffes, her simplistic messaging finds a receptive audience among constituents who prefer straightforward narratives over complex analyses. This dynamic illustrates the persistent disconnect between public frustration and the underlying systemic issues perpetuated by financial elites.

Taibbi draws attention to the parallels between the Tea Party's rhetoric and Wall Street operations, arguing that the movement ultimately serves the interests of the wealthy, rather than the average citizen. The struggle transcends party affiliations, rooted in a systemic manipulation of political discontent, leaving many unaware of the true forces at play.

The outcomes of the Tea Party's delusions illustrate how many Americans identify as "producers" in a system they perceive as corrupt, resulting in



misplaced anger and social division. This misalignment distracts from the ongoing wealth extraction by elites, reinforcing a cycle designed to maintain their economic and political power.

In conclusion, Taibbi contends that America's political landscape is characterized more by an illusion of democracy serving an elite few than by genuine change. The Tea Party, laden with contradictions and emotional rhetoric, provides a vehicle for public expression without tackling the complex realities of contemporary economic systems, exposing a fundamental challenge to American democracy.

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## Chapter 2 Summary: 2. The Biggest Asshole in the Universe

### ### Chapter 2: The Biggest Asshole in the Universe

In exploring societal failures, it becomes clear that ineffective political systems are not the sole culprits; often, they are exacerbated by the rise of individuals whose self-serving actions amplify these shortcomings. A prime example is Alan Greenspan, whose tenure as the head of the Federal Reserve significantly contributed to the economic turmoil in the United States. Rather than embodying the ideals of effective governance, Greenspan's leadership fostered a culture of rampant greed and consumption, paving the way for severe financial crises.

Greenspan emerged from a middle-class background but ascended to the upper echelons of power, largely through his connections with influential figures of the time, notably Ayn Rand, a proponent of unregulated capitalism. His philosophy championed individualism and minimal government intervention, which resonated in the decision-making processes of the financial sector. This shift toward prioritizing private interests over public welfare ushered in a series of economic shocks that disproportionately enriched the wealthy while leaving ordinary taxpayers increasingly marginalized.



Although he presented himself as a dispassionate technocrat who focused on economic stability, Greenspan's actions revealed a pattern of manipulation and preference for policies that disproportionately benefitted a select elite. His advocacy for deregulation and the dismantling of vital protections, such as the Glass-Steagall Act, enabled the unchecked proliferation of risky financial instruments. This recklessness played a crucial role in the lead-up to the catastrophic financial crash of 2008.

Throughout his career, Greenspan exhibited a troubling dichotomy: he espoused free-market principles while engaging in practices that undermined regulatory oversight. His prioritization of personal ambition and political convenience over ethical governance fostered an economic environment fraught with instability and exploitation. Despite the considerable evidence of his failures and the harm they inflicted on the broader public, Greenspan remained unrepentant. His legacy serves as a cautionary tale about the dangers of allowing economic leadership to fall into the hands of those whose motivations are divorced from the common good, illustrating the inherent risks of a system that rewards self-interest at the expense of collective welfare.





# Chapter 3 Summary: 3. Hot Potato: The Great American Mortgage Scam

## Chapter 3: Hot Potato: The Great American Mortgage Scam

This chapter delves into the intricate web of scams and deceit within the American mortgage system, particularly highlighting how systemic issues disproportionately affected vulnerable communities. It opens with a stark observation about the American democratic engagement, which often leans more towards consumption than voting, as illustrated by the experience of Eljon Williams, a Boston sheriff's deputy.

### ### The Mechanics of the Grift in America

In early 2005, Eljon Williams sought financial advice for owning property and stumbled upon Solomon Edwards, who was broadcasting financial tips aimed at minority homebuyers and revealing various scams. Intrigued, Williams reached out to Edwards, leading to a friendship where Edwards presented himself as a reliable advocate for those facing financial challenges. This relationship sparked hope for Williams as he navigated the murky waters of mortgage finance.

### ### Eljon Williams and Solomon Edwards

Williams soon learned about potential irregularities in his mortgage, thanks

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to Edwards's guidance. Their partnership flourished initially, with Edwards assisting Williams in reclaiming some financial losses. However, as Williams and his family sought to upgrade their living space, Edwards facilitated new loans under the misleading assumption they were fixed-rate mortgages. Unfortunately, this trust would soon be betrayed.

### ### The Shift to New Loans and Hidden Issues

As Williams began to experience escalating financial pressures, the reality of his loan terms became starkly apparent. The mortgages turned out to be adjustable-rate loans, contrary to what he was led to believe. With mounting health complications impacting his family and the discovery of Edwards pocketing over \$12,000 in commissions, Williams faced not just financial distress but a profound betrayal of trust.

### ### The Collapse of the Mortgage Market

This individual story was merely a microcosm of a nationwide crisis. The mortgage industry began to resemble a Mafia-like operation, deliberately preying on the most vulnerable, with the subprime market filled with scam tactics and deception at multiple levels—from unscrupulous mortgage brokers to complicit credit rating agencies awarding AAA designations to perilous securities.

### ### The Role of Investment Banks

Investment banks played a pivotal role by transforming risky subprime loans

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into tradable securities through securitization. This practice permitted a careless handling of these volatile loans, leading to a surge of money flooding into the real estate market, which inflated values and created a precarious financial bubble.

### ### Innovation Gone Awry: Derivatives and CDOs

The introduction of complex financial products, like collateralized debt obligations (CDOs), muddied the waters further. These instruments masked the true risk of underlying mortgages, misrepresenting them as safe bets despite their inherent dangers.

### ### AIG's Role in the Crisis

American International Group (AIG)'s failures also emerged as critical to the crisis. In particular, Joe Cassano sold credit default swaps without sufficient collateral, while Win Neuger mishandled securities lending operations. These reckless choices precipitated AIG's collapse, revealing deep-seated vulnerabilities in the financial landscape.

### ### The Government Response to the Crisis

By September 2008, the consequences became glaringly obvious as the government intervened to stabilize AIG with a massive bailout. The crisis exhibited the intricate connections within the financial system, highlighting desperate measures taken by institutions like Goldman Sachs that demanded collateral payments, pushing AIG towards the brink and threatening



economic collapse.

### ### Conclusion: The Legacy of the Mortgage Scam

The overall narrative serves as a cautionary tale reflecting systemic failures within American finance, where the pursuit of short-term profit consistently overshadowed long-term ethical responsibility. The aftermath of the mortgage fraud crisis illustrated not just devastating personal stories like that of Eljon Williams but also the urgent need for regulatory and ethical reforms. The insatiable greed witnessed during this period has left a lasting mark on the financial landscape, reminding future generations of the critical importance of integrity in a system inherently built on trust.

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# Chapter 4: 4. Blowout: The Commodities Bubble

## Blowout: The Commodities Bubble

### Overview of Economic Struggles in 2008

In the summer of 2008, many Americans experienced profound economic distress as gas prices soared, impacting their daily lives in drastic ways. Priscilla Carillo found herself living in her car, struggling to afford basic necessities. Similarly, Robert Lukens, a small business owner, and Sam Sereda, a biology student, faced bleak circumstances as energy costs forced them to reconsider their routines, highlighting the widespread nature of the crisis.

### The Context of Rising Gas Prices

Amid these individual hardships, a larger, often overlooked commodities bubble was forming. This bubble coincided with a sharp increase in gas prices, attributed to a perceived surge in demand—especially from China—or impending shortages. However, there was little evidence supporting claims of actual supply deficits. The media and political narratives at the time failed to delve into the real reasons behind this price surge, leaving many in the dark about the underlying dynamics.



## **Political Discourse and Misattribution of Blame**

Prominent political figures like John McCain and Barack Obama engaged in public discussions, attempting to clarify the causes of the rising gas prices. McCain suggested that governmental regulations and environmental policies were to blame, while Obama accused oil companies of greed and critiqued wasteful consumer behavior. Unfortunately, these discussions largely missed the mark, as they neglected the true drivers of the crisis and perpetuated misconceptions among the public.

## **The Role of Financial Markets and Speculation**

At the heart of the commodities bubble was a surge in speculative investment from Wall Street, with financial actors heavily betting on energy prices. Speculation accounted for about 80% of market transactions, creating an artificial inflation of prices, despite the prevailing data indicating an adequate oil supply. This speculative frenzy distanced market behavior from tangible supply and demand realities.

## **The Shift in Regulations and Market Dynamics**

Regulatory shifts over the years facilitated the emergence of excessive speculative trading. Initially designed to stabilize commodity prices, the

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Commodity Exchange Act of 1936 was gradually undermined, allowing Wall Street to attract substantial institutional investments into speculative indices. This evolution fostered an environment ripe for manipulation, leading to increased market volatility and price swings as speculative investments surged.

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## Chapter 5 Summary: 5. The Outsourced Highway: Wealth Funds

### Chapter 5: The Outsourced Highway: Wealth Funds

In the summer of 2009, the author was contacted by a friend associated with a sovereign wealth fund (SWF) in the Middle East. These funds, typically state-owned and abundant in oil-rich countries, are aimed at aggressive investment strategies to generate substantial returns. The chapter begins by unveiling a trend where American state governments, in dire need of addressing budget shortfalls exacerbated by soaring oil prices and reduced tax revenues, considered selling public infrastructure, such as the Pennsylvania Turnpike, to these wealth funds. Although the Turnpike deal fell through due to legislative pushback, this marked a shift in managing public assets.

The narrative includes notable transactions, like the sale of Chicago's parking meters to a consortium that featured the Abu Dhabi Investment Authority. These deals, often characterized by lump-sum payments, aimed to alleviate immediate budgetary concerns but frequently ignored the longer-term financial implications for the communities involved. This phenomenon was further fueled by the financial struggles faced by many American states, wherein the economic burden on citizens grew noticeably

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as they watched their public assets being transferred to foreign investors without adequate transparency or accountability.

The chapter also offers a historical context for U.S. relations with oil-rich nations, highlighting pivotal moments such as the 1973 oil embargo, which laid the groundwork for the emergence and accumulation of wealth within SWFs. By the mid-2000s, as oil prices surged, these funds began to acquire lucrative American assets at an alarming rate, raising questions about national sovereignty and economic stability in the States.

The author scrutinizes specific problematic deals, like the Chicago parking meter contract, illustrating the rushed decision-making processes wherein local governments lacked crucial details about foreign ownership. The consequences of these transactions were detrimental to both financial health and community control over essential public services. Ultimately, the chapter critiques this trend of commodifying public goods as a means of navigating fiscal crises, portraying a troubling picture of American governance and economic policy, where short-term solutions overshadow long-term sustainability and community well-being.

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## Chapter 6 Summary: 6. The Trillion-Dollar Band-Aid: Health Care Reform

### ### Chapter 6: The Trillion-Dollar Band-Aid: Health Care Reform

In January 2010, Democratic Congressman Gene Taylor voiced his concerns about the trajectory of President Obama's health care reform in light of Scott Brown's surprising Senate win. Taylor's analogy of the aftermath of Hurricane Katrina highlighted his view that the proposed health care bill resembled a wreck—ineffective and struggling to deliver true reform. Despite this skepticism, the Affordable Care Act (ACA), commonly known as Obamacare, was eventually enacted, which many interpreted as a sign of government dysfunction, illustrating a complex interplay of politics that ultimately fell short of meaningful change.

### #### The Dysfunctional Legislative Process

The chapter details how the ACA's passage was marred by political maneuvering that favored pharmaceutical and insurance company interests rather than fostering authentic reform. While the legislation included significant subsidies to large corporations, it imposed an individual mandate on citizens to obtain health insurance. This led to deep-seated public mistrust spanning both conservative and liberal constituencies. The resulting compromise reflected a broader trend in which immediate political gains

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overshadowed sustainable solutions to pervasive health care issues.

#### #### The Financial Burden of Paperwork

A number of anecdotes from hospitals reveal the inefficiencies plaguing the American health care system, primarily stemming from the burdensome administrative costs linked to multiple insurance providers. This focus on excessive paperwork over patient care underscores a profit-driven model that exacerbates rising costs while failing to protect patient interests, ultimately detracting from the quality and accessibility of health care.

#### #### The Antitrust Exemption

Central to the challenges facing the health care industry is the McCarran-Ferguson Act, which has allowed insurance companies to operate with minimal federal oversight, facilitating collusion and market manipulation without accountability. The ongoing efforts to repeal this antitrust exemption were notably pushed aside during health care reform discussions, revealing the powerful influence of corporate lobbying in shaping legislative outcomes and stifling meaningful reform.

#### #### Obama's Strategy and Compromise

Initially, President Obama campaigned for transformative health care changes, but once in office, his administration opted for compromises that diluted the more progressive proposals. This necessity to appease industry stakeholders became apparent as key reform elements were sacrificed to





secure the ACA's passage. The chapter highlights the reality that true, impactful reform was ultimately compromised for the sake of political expediency.

#### #### Conclusion: A New Paradigm for Economics

The enactment of the ACA is framed within the context of a political legitimacy crisis, calling attention to a governance structure that frequently prioritizes corporate interests over public health. This outcome casts a grim shadow on the future of American health care, suggesting a systematic intertwining of corporate power and government policy. It warns of the peril of an industrial economy where profits are upheld through political influence rather than competing in an open market, casting doubt on the viability of both the health care system and broader economic fairness.

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# Chapter 7 Summary: 7. The Great American Bubble Machine

## Chapter 7: The Great American Bubble Machine

In the wake of the 2008-2009 financial crisis, journalist Matt Taibbi uncovered a deep-seated disdain for Goldman Sachs among financial insiders. The bank had become emblematic of unethical behavior in investment banking, igniting public resentment and leading to a pronounced backlash against its practices. Despite the criticisms, a fierce media defense of Goldman emerged, revealing a prevailing cultural taboo against directly addressing issues of wealth and corruption. The media, while willing to disparage the wealthy, hesitated to label them as outright corrupt, thus complicating public discourse about the bank's role in the crisis.

Goldman Sachs' influence extended beyond the financial sector into political arenas, where numerous former executives occupied key government roles. This proximity to power allowed the firm to shape favorable policies, creating an illusory reputation of brilliance and operational efficiency. The firm, founded in 1882, had transitioned from an immigrant-led business to a global financial powerhouse, but its history was marred by speculative ventures that foreshadowed later crises.



In pursuit of profit, Goldman exploited regulatory loopholes, engaging in risky activities like underwriting low-quality securities and manipulating market prices. This cultural shift prioritized short-term gains over ethical considerations, exemplifying a systemic erosion of standards.

As the housing bubble inflated, Goldman sold perilous mortgage-backed securities while betting against them, ultimately profiting from the ensuing collapse. This duality not only amplified the fallout but also severely damaged the bank's public trust, culminating in widespread criticism.

Ironically, Goldman emerged from the chaos bolstered by the 2008 government bailout, reaping significant taxpayer-funded assistance while minimizing its tax contributions. This ascent amidst crisis showcased the entrenched corruption within the financial system, raising questions about accountability.

The media narrative shifted post-crisis, framing Goldman Sachs as a symbol of rampant corporate greed and exploitation. Although outrage fluctuated, it was often quashed by notions emphasizing the necessity of such institutions for economic stability. Nevertheless, the pervasive criticism highlighted a growing awareness of the need for scrutiny and reform.

In conclusion, while the public increasingly recognized Goldman's dubious practices, the entrenched connections between financial institutions and



government hindered substantial reform efforts. The chapter underscores the urgent need for greater transparency and accountability within the financial sector to prevent future crises, positing that the American financial system's architecture favors wealth accumulation at the expense of the general populace. This systemic concern calls for urgent societal change to realign financial practices towards ethical standards and equitable growth.

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