

All the Devils Are Here: The Hidden History of the Financial Crisis

Bethany McLean, Joe Nocera

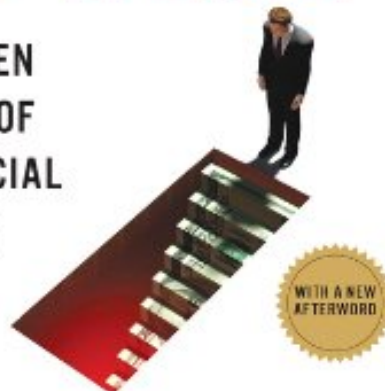
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"Not for a page do the authors let any political theory or party off the hook as they deftly weave arguments, refutations and facts upon facts in this gripping account." —The Associated Press

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ALL THE DEVILS ARE HERE

THE HIDDEN
HISTORY OF
THE FINANCIAL
CRISIS



**BETHANY McLEAN
AND JOE NOCERA**

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Bethany McLean, Joe Nocera : All the Devils Are Here: The Hidden History of the Financial Crisis before purchasing it in order to gage whether or not it would be worth my time, and all praised All the Devils Are Here: The Hidden History of the Financial Crisis:

547 of 564 people found the following review helpful. I thought it would take at least a decade for a book this goodBy Aaron C. BrownI thought it would take a couple of decades of perspective to tell the full story of the crisis. Meanwhile Michael Hirsh's Capital Offense (which covered the story from Washington), along with The Big Short by Michael Lewis (focusing on a few offbeat portfolio managers), Justin Fox's The Myth of the Rational Market (which went deep

into intellectual history and gave testimony from many of the people who invented the theories), *The Quants* by Scott Patterson (working from the equations out) and Glenn Yago and Franklin Allen's *Financing the Future* (which traced the story from prehistory into the future and emphasized the positive side of financial innovation as much as the negative side) were the best available accounts. All had stylish writing, great stories and thorough research to cover important aspects of events. Without taking anything away from any of those books, *All the Devils are Here* manages to cover every important financial aspect of the crisis. To be fair, it doesn't go into as much history or theory as Justin Fox, Michael Hirsh or Yago and Allen did, and it's not as great a story as Michael Lewis and Scott Patterson extracted. It covers the crisis and only the crisis and is too detailed to be as much fun as Lewis and Patterson. You won't find gigantic surprises in this book, the usual suspects are examined: originate-to-sell, government-sponsored entities, political pressure to increase homeownership and provide jobs and perks for politicians and their friends, rating agencies, mathematical models divorced from commonsense and reality, CEO's remote from their businesses, and all sorts of people chasing profits and suppressing doubts. What this account adds is nuance and balance. Different things mattered at different times, and in most cases there were at least some positive aspects. Things that everyone agrees were bad usually turn out to be bad in this account, but often in slightly different ways than is commonly assumed. Not all doubts were suppressed, and a comforting number of people acted with honor and wisdom rather than short-term focus on profits or votes (not a decisive number, unfortunately, but comforting compared to popular conception). If you read one book to understand the crisis, I recommend this one. Your understanding will be much deeper if you read all the ones above, and those might be better choices if you're interested in the crisis in some larger context, like the history of finance or political decision-making. But this is an amazing accomplishment, to distill this complete and even-handed a story while the fallout is still falling and few participants have had a chance to reflect on events and add perspective. No doubt there will be better histories in the future, but I'll bet the authors will all start by reading this one.

0 of 0 people found the following review helpful. Great read from a great writer
By Mook Merkin
Great writer, absolutely. No, I'm not related, just a better informed person. She makes a tough subject understandable without the machinations and half truths you get with some authors (like the one who had a movie made of his book).

0 of 0 people found the following review helpful. Good discussion of the lead up to the crisis, but
By Thomas W. Collens
IVA good discussion of the prelude to the crisis and its early days, but it seems the authors felt it was more important to group similar topics by chapter without as much care being taken to make the timeline of all of these inter-weaving events as clear. Frequently the discussion will say things like "In March..." without clarifying the year being discussed and that can be confusing with all of the backtracking going on. The problem is further magnified when you get into the events immediately preceding the crisis. Overall though, a good window into the events and decisions that helped bring about the 2008 crisis.

"Hell is empty, and all the devils are here." -Shakespeare, *The Tempest*

As soon as the financial crisis erupted, the finger-pointing began. Should the blame fall on Wall Street, Main Street, or Pennsylvania Avenue? On greedy traders, misguided regulators, sleazy subprime companies, cowardly legislators, or clueless home buyers? According to Bethany McLean and Joe Nocera, two of America's most acclaimed business journalists, the real answer is all of the above-and more. Many devils helped bring hell to the economy. And the full story, in all of its complexity and detail, is like the legend of the blind men and the elephant. Almost everyone has missed the big picture. Almost no one has put all the pieces together.

All the Devils Are Here goes back several decades to weave the hidden history of the financial crisis in a way no previous book has done. It explores the motivations of everyone from famous CEOs, cabinet secretaries, and politicians to anonymous lenders, borrowers, analysts, and Wall Street traders. It delves into the powerful American mythology of homeownership. And it proves that the crisis ultimately wasn't about finance at all; it was about human nature.

Among the devils you'll meet in vivid detail:

- Angelo Mozilo, the CEO of Countrywide, who dreamed of spreading homeownership to the masses, only to succumb to the peer pressure-and the outsized profits-of the sleaziest subprime lending.
- Roland Arnall, a respected philanthropist and diplomat, who made his fortune building Ameriquest, a subprime lending empire that relied on blatantly deceptive lending practices.
- Hank Greenberg, who built AIG into a Rube Goldberg contraption with an undeserved triple-A rating, and who ran it so tightly that he was the only one who knew where all the bodies were buried.
- Stan O'Neal of Merrill Lynch, aloof and suspicious, who suffered from "Goldman envy" and drove a proud old firm into the ground by promoting cronies and pushing out his smartest lieutenants.
- Lloyd Blankfein, who helped turn Goldman Sachs from a culture that famously put clients first to one that made clients secondary to its own bottom line.
- Franklin Raines of Fannie Mae, who (like his predecessors) bullied regulators into submission and let his firm drift away from its original, noble mission.
- Brian Clarkson of Moody's, who aggressively pushed to increase his rating agency's market share and stock price, at the cost of its integrity.
- Alan Greenspan, the legendary maestro of the Federal Reserve, who ignored the evidence of a growing housing bubble and turned a blind eye to the lending practices that ultimately brought down Wall Street-and inflicted enormous pain on the country.

Just as McLean's *The Smartest Guys in the Room* was hailed as the best Enron book on a crowded shelf, so will *All the Devils Are Here* be remembered for finally making sense of the meltdown and its consequences.

A business book that is as riveting as an adventure novel... a masterpiece * Huffington Post * When the financial crisis of this decade is being taught in business schools, *All the Devils Are Here* could be the textbook. * Time * Grand in scope, overwhelming in detail, this is as compelling as a well-crafted literary novel * USA Today * Yields a rich and intricate tableau of understanding * Financial Times * A thorough account of the origins of the financial crisis. Helps explain the most troubling headlines of the moment, as well as those that are certain to come. * New York Times * Joe Nocera is the best business writer alive * Jim Cramer *About the AuthorBethany McLean and Peter Elkind are Fortune senior writers. McLean, a former investment banking analyst for Goldman Sachs, lives in New York City. Her March 2001 article in Fortune, "Is Enron Overpriced?," was the first in a national publication to openly question the company's dealings.