

## A Low, Dishonest Decade

*The press and politicians were asleep at the switch.*



• By THOMAS FRANK

Stock-market indices are not much good as yardsticks of social progress, but as another low, dishonest decade expires let us note that, on 2000's first day of trading, the Dow Jones Industrial Average closed at 11357 while the Nasdaq Composite Index stood at 4131, both substantially higher than where they are today. The Nasdaq went on to hit 5000 before collapsing with the dot-com bubble, the first great Wall Street disaster of this unhappy decade. The Dow got north of 14000 before the real-estate bubble imploded.

And it was supposed to have been such an awesome time, too! Back in the late '90s, in the crescendo of the Internet boom, pundit and publicist alike assured us that the future was to be a democratized, prosperous place. Hierarchies would collapse, they told us; the individual was to be empowered; freed-up markets were to be the common man's best buddy.

Such clever hopes they were. As a reasonable anticipation of what was to come they meant nothing. But they served to unify the decade's disasters, many of which came to us festooned with the flags of this bogus idealism.

Before "Enron" became synonymous with shattered 401(k)s and man-made electrical shortages, the public knew it as a champion of electricity deregulation—a freedom fighter! It was supposed to be that most exalted of corporate creatures, a "market maker"; its "capacity for revolution" was hymned by management theorists; and its TV commercials depicted its operations as an extension of humanity's quest for emancipation.

Similarly, both Bank of America and Citibank, before being recognized as "too big to fail," had populist histories of which their admirers made much. Citibank's long struggle against the Glass-Steagall Act was even supposed to be evidence of its hostility to banking's aristocratic culture, an amusing image to recollect when reading about the \$100 million pay reportedly pocketed by one Citi trader in 2008.

The Jack Abramoff lobbying scandal showed us the same dynamics at work in Washington. Here was an apparent believer in markets, working to keep garment factories in Saipan humming without federal interference and saluted for it in an op-ed in the Saipan Tribune as "Our freedom fighter in D.C."

But the preposterous populism is only one part of the equation; just as important was our failure to see through the ruse, to understand how our country was being disfigured.

Ensuring that the public failed to get it was the common theme of at least three of the decade's signature foul-ups: the hyping of various Internet stock issues by Wall Street analysts, the accounting scandals of 2002, and the triple-A ratings given to mortgage-backed securities.

The grand, overarching theme of the Bush administration—the big idea that informed so many of its sordid episodes—was the same anti-supervisory impulse applied to the public sector: regulators sabotaged and their agencies turned over to the regulated.

The public was left to read the headlines and ponder the unthinkable: Could our leaders really have pushed us into an unnecessary war? Is the republic really dividing itself into an immensely wealthy class of Wall Street bonus-winners and everybody else? And surely nobody outside of the movies really has the political clout to write themselves a \$700 billion bailout.

What made the oughts so awful, above all, was the failure of our critical faculties. The problem was not so much that newspapers were dying, to mention one of the lesser catastrophes of these awful times, but that newspapers failed to do their job in the first place, to scrutinize the myths of the day in a way that might have prevented catastrophes like the financial crisis or the Iraq war.

The folly went beyond the media, though. Recently I came across a 2005 pamphlet written by historian Rick Perlstein berating the big thinkers of the Democratic Party for their poll-driven failure to stick to their party's historic theme of economic populism. I was struck by the evidence Mr. Perlstein adduced in the course of his argument. As he tells the story, leading Democratic pollsters found plenty of evidence that the American public distrusts corporate power; and yet they regularly advised Democrats to steer in the opposite direction, to distance themselves from what one pollster called "outdated appeals to class grievances and attacks upon corporate perfidy."

This was not a party that was well-prepared for the job of iconoclasm that has befallen it. And as the new bunch muddle onward—bailing out the large banks but (still) not subjecting them to new regulatory oversight, passing a health-care reform that seems (among other, better things) to guarantee private insurers eternal profits—one fears they are merely presenting their own ample backsides to an embittered electorate for kicking.

Write to [thomas@wsj.com](mailto:thomas@wsj.com)

Copyright 2009 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit [www.djreprints.com](http://www.djreprints.com)