

How our country really works

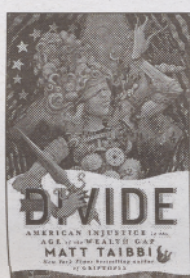
Matt Taibbi's new book looks at the American justice system and the gap between what we're led to believe and the reality of our economics

BY JIM DOUGLAS
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The premise for "The Divide" is that our society has become "disturbingly comfortable" with a perverse system of justice where "rights aren't absolute but are enjoyed on a kind of sliding scale." The "rule of law has slowly been replaced by giant idiosyncratic bureaucracies that are designed to criminalize failure, poverty and weakness on the one hand, and to immunize strength, wealth and success on the other." The foundation is "a profound hatred of the

weak and the poor, and a corresponding groveling terror before the rich and successful, and we're building a bureaucracy to match those feelings."

Many readers already have the impression that the system of justice is unfair to poor people and people of color and that it favors the wealthy. "The Divide" lays out



The Divide:
American Injustice in the Age of the Wealth Gap by Matt Taibbi

detailed examples.

As in his illuminating articles in Rolling Stone, Matt Taibbi reaches conclusions by combining relevant history and statistics with the experiences of real people, usually told in detail and with powerful effect. As in Rolling Stone, he leaves no doubt about his conclusions of the extent in which the justice system dispenses actual justice on both sides of the class and race divide.

In the early 1990s, crime rates dropped. As part of the response, New York and other cities implemented a system that took a quantitative approach to reporting crime: Each precinct and officer would be responsible for reporting numbers of stops and arrests. Increasing the number of arrests became the way for police to look good and to increase budgets.

The controversial "broken windows" theory of policing posits that cracking down on minor crimes prevents more serious crime. Until a federal judge prohibited "stop and frisk" last year, New York City was the practice's epicenter. In New York City it gave rise to "volume arrests," creating a machine "for writing tickets, making arrests, and collecting data," Taibbi writes. Police roam in vans, taking into custody people who may have acted suspiciously. Some of the time police used more force than necessary. In 2011, 88 percent of those detained were black or Latino people.

Frequently, cops "arrest first and ask questions later," not even searching people before throwing them in the van. At jail, the



ILLUSTRATION BY JON WILLIAMS

police sort out those who should be arrested, for having guns, drugs or outstanding warrants, and release the rest. Some have been roughed up and had their constitutional rights violated. For those held on misdemeanor charges and unable to afford bail, the incentive is to plead guilty rather than stay in jail while awaiting trial.

Another aspect of this wholesale justice that unfairly boosts both conviction numbers and public coffers involves "sub-misdemeanor" offenses. In 2012, the New York Police Department issued 600,000 summonses, triple the number in the late '90s. These were for violations such as open container of alcohol (140,000) and riding a bicycle on the sidewalk (20,000).

Taibbi also shows how federal law, in effect, deputizes local and state law enforcement to arrest and detain people on behalf of Immigration and Customs Enforcement. "The very brokest people in America, Hispanic immigrants, are one of America's last great cash crops." The private Corrections Corporation of America had revenues of \$1.7 billion in 2011, in part because of payments from the federal government for housing immigrants prior to deportation.

In contrast, the author details several situations where the extremely well-to-do have committed egregious offenses without experiencing criminal charges. Like banks too big to fail, these criminals are too "important" to punish.

In one, HSBC (Hong Kong and Shanghai Banking Corporation), one of the largest banks in the world, admitted to laundering \$10 billion for the Russian mafia and the Sinaloa drug cartel and to engaging in \$20

billion in illegal transactions with Iran and North Korea. The punishment was a \$1.9 billion fine against the corporation, but no criminal prosecutions. As Forbes magazine asked, "What's a bank got to do to get into some real trouble around here?"

"The greatest bank robbery you never heard of" involved a few executives at Lehman Brothers. After helping to tank the world economy in 2008 by over extending the bank's debt, it raided what was left by paying higher-ups enormous bonuses. Nine executives then secretly went to work for Barclay's, helping jigger figures to the tune of billions of dollars, which allowed Barclay's to purchase Lehman for a greatly reduced price — and then the double-dealing nine collected \$330 million in additional bonuses from Barclay's.

Then there's a group of hedge fund managers who conspired over several years to bring down Fairfax Holding Company, a Canadian insurance company, and destroy its CEO in order to profit by tens or hundreds of millions of dollars. When the scheme was eventually uncovered, they lawyered up and avoided liability.

Taibbi's previous book, "Griftopia: A Story of Bankers, Politicians and the Most Audacious Power Grab in American History," is a must read for those interested in understanding the world economy of 2008, with its "subprime mortgages," "collateralized debt obligations," "derivatives" and "credit default swaps."

On the other hand, "The Divide," particularly late in the book, seems to have been written in a hurry. Chapters concerning incidents that occurred in the world of finance and banking seem more detailed than necessary. The reader would probably benefit from some improved organization.

Despite these criticisms, the information in "The Divide" makes the book well worth the effort. By describing some of the nuances of our unequal system of justice, Taibbi has done a service to those who try to understand how our country actually works, rather than passively accepting the way our leaders say it works.

Reprinted from Street Roots' sister paper, Real Change News, Seattle