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In Bed with Wall Street: The Conspiracy Crippling Our Global Economy by **Larry Doyle. New York: Palgrave Macmillan, 2014. Price: US$ 18.76**

In the book *In Bed with Wall Street: The Conspiracy Crippling Our Global Economy*, the author uncovers the weaknesses of the financial regulatory system which left immense scope for politicians and the financial industry and its regulators to work hand in hand and promote their own interests rather than those of the public.

When I started reading this book by an ex-Wall Street gentleman professing to write with the sole aim of pursuit of truth, I feared it would turn out to be as vindictive as it can get. Luckily it doesn't get that bad. Divided into 12 chapters, the book highlights glaring errors on the part of politicians and regulators -- not in a whiny tone, but with a questioning tone – seeking answers on behalf of the general populace, sometimes with a wry sense of humour.

Doyle loves Wall Street, obviously -- the pace, the people, the whiff of money-- everything. Vigorous, robust markets are the need of the hour. However, when these become manipulated and twisted then not just Wall Street, but the basic premise of capitalism loses its sheen.

The book starts with 'Pillow Talk' tracing the history of the panic of 1873, the Alsrich Vreeland Act of 1908, Owens Glass Federal Reserve Act of 1913, the Securities Exchange Act of 1934, the establishment of SEC and the Maloney Act of 1938 to regulate the OTC markets and moves right down to 2008 which was all about survival. Here the author traces the efforts made to induce structural changes that could lead to meaningful recovery in the US.

Post 2008, people felt robbed not just of their hard earned savings, but also the faith that they had reposed in the fairness of the financial system and its regulators. As in any relationship, before trust can be rebuilt and integrity restored, questions need to be asked and the truth revealed.

The author's dogged pursuit of Financial Industry Regulatory Authority's (Wall Street's Non-profit Self-Regulatory Organization) role /failure in the crisis, questions regarding its investment (USD 650 million) in Auction-Rate Securities (ARS), its sudden and complete withdrawal from the ARS market just a few days before it crashed and the very labeling of ARS as cash equivalent investment all become pertinent in the light of the losses that a common investor has faced. Thus, the author questions the role of SROs during the crisis. The only positive spin to SROs is that they save the government money and direct accountability, but at what cost?

The excessive hidden fees and expenses, shortchanging of investors by manipulation of the benchmark rate (LIBOR), the Kangaroo Court arbitration process at Wall Street, the mere USD150/institution premium for the coveted Securities Investor Protection Corporation (SIPC) stamp (which promises an investor an insurance of USD 500,000) and the anointment of FINRA's head Mary Schapiro to the Securities and Exchange Commission (SEC) in spite of a previously not so great record are critical questions. People say an act is the solution to all evils but Dodd and Frank had themselves benefitted from the very financial trough which they were eventually appointed to reform.

Mary Schapiro has assets valued at almost 42 million USD making her one of the wealthiest people in the Obama administration, despite the fact that she has spent her career largely in not-for-profit enterprises. The author's personal contributions to the Angelides Commission, far from being pursued were not even acknowledged by a rubber stamp, making him wonder about the true desire of the commission to actually solve the problems at hand.

The author also makes a valid point when he states that the mere fact that an individual is wealthy does not necessarily mean that he will fully understand the risks of complex products. Financial education is not always the core competency of the wealthy. On one end, the financial inclusion drive in India focuses on the four basic products and bringing the populace under the organized financial market umbrella, whereas on the other hand, in developed countries like the US where more than 50 per cent of the population is into market investments, the risk emanates from mis-selling of complex products.

Big money buys legalized victimization of the general population, especially of those naïve enough to place their trust in the system. The six largest banks hold assets valued at close to two-third of the US GDP *aka* big muscle to wriggle out of anything. The author provides insights wherein 'the too big to fail' banks are not just 'too big to regulate' but also 'too big to prosecute'. Lack of adequate regulatory and legislative structures propel a systemic cronyism between Wall Street and Washington to achieve profit maximization which is ultimately reflected in the widening income disparity in the US.

The book emphasizes the need for regulators to not merely write parking tickets, but to be true watchdogs in the real sense of the term. The goal should never be less or more regulation, but better regulation-- words that ring not so hollow in light of the recent FSLRC recommendations. The author's admiration for Harry Markopolos (the Madoff whistleblower) and his likes is genuine. Of course, he does not fail to point out that only five people have actually received payments under the SEC Whistle Blower Program in the last 20 years.

The web of inter linkages at the institution and individual levels is so intricate and strong that by the author's own admission it sounds like the plot of a cheap novel. Conflict of interest becomes a joke. He laments that running for re-election has become more important than running the country. The pursuit of power makes sense only if one can ultimately use it for public good. The clamour for seats on the Congressional finance and banking committees and the chart for the *moolah* received by politicians of all hues from Wall Street firms over the years highlight the nexus.

The author warns of former government officials who are the ultimate revolving door. And then he makes us think of the dangers of inviting market players as regulators as they bring along not just varied knowledge or on the field experience but a payoff centric culture and the burden of relationships made under all sorts of circumstances. It is true that certain people are so disillusioned that they are ready to declare anarchy and a few have gone to the other extreme and embraced socialism. However, huge deviations aside, the sweet spot of true and fair capitalism is the place where we all wish to be.

At the end, recognizing the need for reviving the confidence and trust of the public in institutions, politicians and markets, Doyle recommends a few reforms ranging from the simplistic full disclosure supplement with each offering, reinstitution of the Glass Steagall Act, shift from rule based to principle based regulation to the utopian- formation of the Financial Regulatory Review Board. Considering his background of 30 years in the labyrinths of Wall Street, one really expected suggestions with more teeth that promote the ethical practice of free market capitalism. However, as we all know, there is no easy quick fix or one liner solution to these problems. It is only a concerted effort by all regulatory agencies involved and considerable political will that investor protection can truly achieve what it professes. Overall a good read for all his efforts at pursuing the truth. Doyle has succeeded; goading us to wear our thinking hats to find the way out of the beds we should not have been in the first place.

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