THE RECEPTION OF THE FINANCIAL CRISIS IN HOLLYWOOD MOVIES

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Introduction

The Great Financial Crisis (GFC) has resulted in several Hollywood blockbuster movies about the financial sector. There are at least four big-budget post-2008 movies on the GFC. If IMDB is any guide, the best is *The Wolf of Wall Street*[1] (rating: 8.2), followed by *The Big short*[2] (7.8), *Margin Call*[3] (7.1) and *Wall Street: Money Never Sleeps*[4] (6.2).

If the criterion is whether the movie has something interesting to say about the GFC, the order should actually be the exact opposite. Entertainment is not the same as analysis, nor should it be a substitute. Indeed, all four movies are testimony to an intrinsic limitation that all (big-budget) movies face. Hollywood movies are generally plot-driven, event-rich, and suspenseful, featuring protagonists with whom audiences can easily identify. When these movies dramatize a slowly and unevenly unfolding political-economic conjuncture, consisting of events like the 2008-*Lehman Brothers* collapse, they usually cannot readily be reduced to such events.

Be that as it may, three out of four of the movies do have something interesting to tell about the biggest crack so far in the post-Bretton Woods order. The GFC is embedded in the outcome of the unravelling of the Keynesian Bretton Woods compromise, and has as such been a long time in the making. In 1971-73 Nixon reneged on the 1944 Bretton Woods promise to peg the dollar to gold (and Western-European currencies to the dollar). The (financially) costly Vietnam war had turned the USA from a creditor-nation into a debtor-country. From then on, the USA had to borrow from the rest of the world. The solution was the financialization that unfolded from the seventies onwards. Wall Street ensured that foreign capital was invested in the USA, while skimming a nice percentage in the process. Countries that didn't play ball could always be occupied, but oftentimes the International Monetary Fund (IMF) could convince countries to privatize their public sectors, to behave investor-friendly and to invest their savings on Wall Street. Of course, the incoming money didn't reach the American majority: American wages have stagnated over the last three decades. The turn towards financial services and the simultaneous move away from production (which was outsourced to low-wage zones in Mexico and China) mainly enriched Wall Street. The only solution, albeit temporarily, for ordinary Americans was to borrow. Contrary to wages, consumption in the USA didn't stagnate, because of a private-debt bonanza in which Wall Street banks lent money to people to finance houses, college degrees and cars they had needed but ultimately couldn't afford.

1 *The Wolf of Wall Street* (dir. Martin Scorsese, 2013).
2 *The Big Short* (dir. Adam McKay, 2015).
3 *Margin Call* (dir. J.C. Chandor, 2011).
4 *Wall Street: Money Never Sleeps* (dir. Oliver Stone, 2010).

This post-1973 financialization is a theme in three of the movies. An added advantage is that they inform a wider public about the greatest robbery in recent history. First and foremost, the GFC is a heist in which banks privatized the state, the state aided and abetted banks and citizens had to pick up the tab. This cannot be made clear often enough. All the same, the movies fall short of analysing why that came about and how that is interwoven with the current political moment. What they don't show is therefore as relevant as what they do. But let's first take a closer look at the four movies and their merits.

The Wolf of Wall Street (The WoWS)

The Wolf of Wall Street (2013) has the highest IMDB-rating. It is indeed the most straightforward of the four, depicting a small swindler (played by Leonardo DiCaprio), who hustles his way to a small fortune. He aggressively sells penny-stocks with a combination of intimidation, seduction and outright fraud. Besides being a fraud, the protagonist is decadent to the bone. He is a coke-sniffing, sexist, selfish man, and the audience is invited to see his point of view. The identification with the Leonardo DiCaprio character does not last the entire length of the film, as towards the end of the movie the main character derails and discredits himself completely, so viewers — most of them at least — will stop short of fully identifying with him.

Be that as it may, you don't need to be a Freudian to propose that the main character acts out pretty much all the secret wishes of the WASP. He is a white, heterosexual man who indulges in every cardinal sin — sex, drugs, lying, cheating, dominating — and who does so with the charm that indeed sometimes comes with unchallenged privilege. In the end, Leonardo DiCaprio's character does not get away with it and ends up in jail. *The Wolf of Wall Street* is thus essentially a morality tale situated in the financial sector. Even a WASP-man can go too far, so be careful what you wish for (but wish for it we will). Whether the spree of sex, drugs and extravaganza is amusing depends on one's taste; evidently many people think it is. Otherwise however, the movie does not even come close to analysing the crisis, or morality for that matter.

The movie problematically reduces the financial crisis to the biography of one man; a man who moreover is just a small fish. He is so small that the SEC ('the financial FBI') acts against him. He is thus far removed from the majority of bankers who steal and cheat with impunity. He is in all respects the outlier, the rotten apple, the guy you love to despise, the exception. He is the rotten apple, but with some charm added (which is the charm of someone breaking the rules). He is the guy you wish to be but are ultimately also relieved not to have become.

This is all analytically inadequate, as (rotten) apples are not a satisfactory unit of analysis: one has to look at the trees, indeed the forest. Of course, there is plenty of decadence, fornication, and lying in the financial sector and I have no doubt that all these vices are overrepresented in these districts. But these are symptoms rather than the disease. Conversely, it would be very surprising if young males, earning lots of money, taking lots of risk (albeit with other people's money), operating without meaningful oversight, cheered on by the media (until 2008 at least) and with bosses recruited from WASP-fraternities, did *not* become decadent. Any adequate analysis has to be scaled up one or two levels. How and why are bankers in a position to waste, speculate and steal other people's money in the first place?

The Big Short

Although *The Big Short* (2015) does not address this last question either, it is already far more interesting than *The Wolf of Wall Street*. *The Big Short* presents three asset managers (played by, among others, Christian Bale and Ryan Gosling) who in 2005 established that there was a gigantic housing bubble, with house-prices being higher than (stagnating) wages could ultimately sustain. Investment banks were however still massively trading financial products (so-called mortgage-backed-securities or MBS's), the value of which was directly based on ever-rising house prices. So the asset managers decided to bet against the housing market by shorting the MBS's that investment banks trade so voluminously. If they were correct and house prices would indeed fall, they will earn big time. Much of the movie revolves around the question of whether the asset managers can pull it off. And of course, the protagonists in the end do and thus walk away with a lot of money.

The movie exclusively depicts the perspective of the asset managers. They are the heroes of the movie, or at least they are heroic. The resulting lonely heroes vs. big villain story is far more interesting than *WoWS,* as the villains consist of a group of investment banks. This set-up remains problematic nonetheless. For one thing, the asset managers are financial sector guys; they are supposedly the good guys but act on monetary motives only and thus confirm the capitalistic ethos. And, of course, they are all guys, so the audience can easily perceive them as heroic. This is further facilitated by them all being white, well-educated and urbanite (like virtually all bankers are). The victims of the banks, who were tricked and seduced into debt, are absent. These deplorables, as Hillary Clinton called them, do not have a voice in the story and are thus denied any political agency.

On the positive side, *The Big Short* tells the story from the perspective of people working against banks. Banks here are unambiguously on the wrong side. And so it should be. The banks however, also remain anonymous. They are the big bad wolf and as such also lack clear agency. They are just there and they are just bad. As such the Big Short is a version of the bad apple-morale, but now the rotten apples are stored in dozens on Wall Street and they are taken on by some brave (albeit profit-maximizing) asset managers. Research output:

Margin Call

Voters on IMDB rank *Margin Call* (2011) lower than *WoWS* and *The Big Short*. I disagree. *Margin Call* goes where *The Big Short* does not thread. It looks the beast in the eye. It looks inside investment banks and shows the anatomy of fraud, the systemic nature of it. It shows organized crime. *Margin Call* dramatizes the predicaments of a fictional bank (though inspired by the downfall of the investment banks *Bear Stearns* and *Lehman Brothers*). The board members of this hypothetical bank realize that the financial products, such as the aforementioned MBS's, are seriously overvalued. If they hold on to these worthless assets, the bank will go bankrupt. If they can sell them to oblivious investors (like pension funds) before news of the worthless subprime mortgages breaks, they'll come out unharmed. Of course, the bank decides to do the latter.

Margin Call shows this decision-making-process, including the appointment of a fall guy (which, incidentally is a woman, played by Demi Moore). The fall guy takes all the blame (of course in exchange for a golden parachute). The strength of *Margin Call* is that it shows *how* the crime of selling worthless securities (which is not different from the misdemeanours portrayed in the *WoWS*) is committed. The CEO, played by Jeremy Irons, understandably wants the firm to survive. The middle man, played by Kevin Spacey, just does what he is told. The junior guys don't really know what is going on, and also do what they are told to do (for which they are generously rewarded). And the only man who was sceptical about it all has already been fired. It's a system that an individual cannot take on (as *The Big Short* suggests), and *Margin Call* shows that. It shows the criminogenic zone that calls itself the financial sector.

This is not to say that *Margin Call* is flawless. Again, the movie follows the motivations of white, male banksters, once again reducing all victims to voiceless anonymity. What is more, the movie depicts the predicaments of one bank. Although this bank can be taken as a pars pro toto, it also echoes the rotten apple thesis, only scaled up a level. The problem is not that this or that bank was fraudulent. The problem is the functioning of the political-economic system, including supervisors, journalists, academics and politicians, in its entirety. *Margin Call* still suggests that a well-meaning CEO might have made a different decision than the Jeremy Irons-played culprit and that things would have turned out better then. But although investment banks are an important (and profiting) part of the system, they don't control it. In the end they too have to play along (and of course they happily do so).

Wall Street: Money Never Sleeps (WS: MNS)

WS: MNS (2010) is a sequel to *Wall Street* (1987). It has the lowest rating. It is not difficult to see why. The love story that makes up a substantial part of it is disconnected from the main story, without being interesting in its own right. The master-apprentice relationship between characters played by Shia Labeouf and Josh Brolin doesn't come close to the gripping admiration-turning-disgust-relationship of Charlie Sheen and Michael Douglas in *Wall Street*. So yes, parts of the movie are boring.

Yet Oliver Stone would not be the great director he is if the movie did not also contain several brilliant scenes. In the most important scenes, *WS: MNS* depicts the meetings at the Federal Reserve (the American central bank) where the biggest political robbery of all time was conducted. In 2008, 700 billion dollars (the so-called *Troubled Asset Relief Program* of Goldman Sachs' banker-turned-treasurer Paulson) was poured into the financial sector, no strings attached. These so called 'bail-outs' rescued all the large banks, including *Goldman Sachs*, on which the investment bank in *WS: MNS* is seemingly based.

Stone thus goes straight to the horse's mouth, to the meeting of the *capos di tutti capi*. In doing so, Stone shows what cannot be shown because it cannot be known (as central bankers are unelected, unaccountable, unremovable and operate in secret, with minutes of meetings undisclosed). Stone fictionalizes. He shows that the difference between bankers and the mafia is that the former are a legitimate group. Any reform of the system that keeps these bankers in place is no reform at all, just a legitimation. Any reform that takes on small fish like the *WoWS*-hustler or even an investment bank is just a variation on the saying that 'for things to remain the same, something will have to change.'

Conclusion

Although *WS: MNS* is the most interesting movie of the set, it is not flawless. Besides the aforementioned redundant scenes, the victims are once again anonymous, and that is again problematic. That, however, is not the most problematic aspect of *WS: MNS* or any of the other movies. In all four movies the straightjacket of plot-driven storytelling is the gravest limitation. Movies and storytelling in general needs a plot. It needs events. It needs protagonists. It needs action. But how to show a crisis which is not an event, not even a series-of-events?

The crisis is the latest apotheosis of a crisis of democratic capitalism that has been in the making for at least 50 years. The Vietnam War not only discredited the last moral standing the USA might have had but also threw the post-war Keynesian, social-democratic consensus off its feet. The seventies subsequently saw the awakening of a neoliberal project, which is liberal in its rejection of the welfare-state and is neo in its determination to not limit state power but to instead use it for the build-up of a crony *Ersatz* capitalism, characterized by financialization. In 2008 the banks were not nationalized. The state was privatized. Bankers didn't so much plunder the treasury, but turned out to outright own it. The American state threw 700 billion at the banks. European banks were either bailed-out directly (the Dutch state for example bought the shares of the insolvent bank ABN AMRO) or indirectly (teaming up as the so called Troika, the European Central Bank, the IMF and the European Commission have operated since 2010 as debt collectors on behalf of French and German banks, enforcing banks' claims on the insolvent Greek state by throwing Greece in debtor's prison to be released at an unspecified moment in the future after all Greek utilities have been sold to German banks at fire sale prices, after wages and pensions have been decimated and after all employment rights have been torn up).

The Big Short, *Margin Call* and *Wall Street: Money Never Sleeps* illustrate aspects of the political predicament we are now in. The malpractices of banks that the movies depict is unsettling in a way books and articles cannot get across. And they have the potential to engage a wider public. But the movies do not get across the bigger picture. That is of course not the aim of most Hollywood directors, nor would film studios allow that if it was. But critical and engaged directors such as Oliver Stone are also confronted with intrinsic limitations. Particularly, here every director is confronted with the general problem of dramatization: how to tell a tale in such a way that it doesn't become a rounded just-so story with a happy, or at least not too unhappy, ending. And for the majority of people — that much is clear — the GFC will not have a happy ending.

References

Margin Call (dir. J.C. Chandor, 2011).
The Big Short (dir. Adam McKay, 2015).
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