

The Literary Financier



by Theodore Dalrymple

The character of Sam Bankman-Fried continues to intrigue, not so much because it is remarkable in itself, but because he managed to inveigle so much money out of so many people who were supposedly sophisticated and hard-nosed.

I suppose this is evidence that the desire to make a fast buck is among mankind's deepest and most enduring traits. I have difficulty in controlling it in myself: For who has never been tempted by suggestions of how to turn a small amount of dross into a mountain of gold, or has never read with envy accounts of those who seem to have done so? Somehow, stories of how people have turned a mountain of gold into a small pile of dross have less appeal. We prefer stories of rags to riches than of riches to rags, in other words pipe dreams to warnings.

When SBF (whose initials immediately joined those of MBS and JFK as being instantly recognizable) was first arrested, I immediately proposed a typology of financial swindlers with two distinct poles—though no doubt there is a continuum between them that somewhat reduces the elegance of my typology.

First there is the dull, seemingly steady, respectable type, instantiated by Bernie Madoff, who had just the kind of personal gravitas that inspired confidence in the cautious. “Yes,” the cautious type thought as he gazed into Madoff’s calm and wise face, “he is just the type to whom I can safely entrust my money. He knows, if anyone knows, how to make money fruitful and multiply.” His very dullness obscured from the cautious man the fact that he, the cautious man, was as motivated by greed and lust for painless enrichment as the most reckless gambler; and no man wants to think that he is motivated by greed. *That* is a vice that motivates others, not oneself.

Second there is the flamboyant genius type. For more adventurous investors in search of quick returns, a man like SBF is just the one to follow. His refusal to comply with elementary social conventions, even his wild hair, stood guarantor of his genius. Those who followed SBF as the children followed the pied piper deluded themselves by the following false syllogism:

Geniuses are unconventional.

SBF is unconventional.

Therefore, SBF is a genius.

(Actually, even his unconventionality was conventional. Convention is that from which no man can ever fully escape.)

The nature of SBF’s “genius” has come to light in his thoughts of Shakespeare, against whose genius he applies statistical

reasoning:

I could go on and on about the failings of Shakespeare...but really I shouldn't need to: the Bayesian priors are pretty damning. About half the people born since 1600 have been born in the past 100 years, but it gets much worse than that. When Shakespeare wrote, almost all Europeans were busy farming and very few people attended university; few people were even literate—probably as low as ten million people. By contrast there are now upwards of a billion literate people in the Western sphere. What are the odds that the greatest writer would have been born in 1564? The Bayesian priors aren't very favourable.

One could have a great deal of fun with this argument, for example by proving statistically that Isaac Newton was not one of the greatest physicists who ever lived, and indeed could never really even have existed, because the number of people in his time who could do simple arithmetic was so exiguous. How could he, then, together with Leibniz (another impossibility), have invented the calculus?

By contrast, we could also prove that we are living through a golden age of literature (as of every art) because there are now so many people who know how to write. Of course, our painting must be best because, comparatively speaking, our materials are so cheap and within the range of most people, all of whom have the time to take up painting. Think of how poor Spain was when Velasquez was painting! In Vermeer's day they didn't even have flush toilets! How, then, could his paintings be beautiful? Basquiat's paintings must be much better because now we have electric light.

How could Dickens have been so funny when the infant mortality rate was so high and the life expectancy so low? Therefore, he was not funny. As for Mozart, he didn't even have an electronic amplifier to his name, so how could his music have

been any good? He hadn't even heard of rap.

One swallow doesn't make a summer, of course, or one vulture a flock, but one cannot help but remark that SBF was not some poor child who managed, by hook or by crook, to crawl out of a noisome slum, but the child of two professors at Stanford University (admittedly of law) who was himself expensively educated and who was, by the standards of 99.999 percent of all previously existing humanity (to use an SBFian type of statistic), extremely privileged. He was of the elite. His immortal thoughts on Shakespeare would not have been possible without his education, for they certainly would not have occurred to—shall we say—an illiterate illegal immigrant from El Salvador or Honduras.

No, it requires many years of training to come up with arguments such as his. And this in turn raises the question of what is going on in schools and universities (if, that is, SBF is not completely *sui generis*) that their alumni end up by saying things that make the pronouncements of Azande witch doctors look like those of the latest science. Perhaps—and let us hope that—SBF is not typical of his breed.

Now one does not look to financiers, or supposed financiers, for literary criticism or Shakespearean scholarship (these days, one doesn't even look to Shakespearean scholars for Shakespearean scholarship). To each his *métier*; we expect a financier to know about balance sheets, not sonnets.

But if one entrusts one's money to others for safekeeping and the hope of profit (in my case because I am insufficiently interested to look after my own affairs), one would hope that they were sufficiently educated at least to know evident absurdity when they see it.

The remedy? We should all read, or reread, mark, learn, and inwardly digest Charles Mackay's great book, first published in 1841, *Memoirs of Extraordinary Popular Delusions and the*

Madness of Crowds.

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