

Chapter 1 : Alan Greenspan Quote - Liberty Quotes Blog

The core of this book is a series of quotations by Dr. Alan Greenspan, chairman of the Federal Reserve (-) on the subjects of banks, capitalism, competition.

Rand nicknamed Greenspan "the undertaker" because of his penchant for dark clothing and reserved demeanor. The Unknown Ideal including an essay supporting the gold standard. Greenspan and Rand remained friends until her death in 1982. When questioned in relation to this, however, he has said that in a democratic society individuals have to make compromises with each other over conflicting ideas of how money should be handled. He said he himself had to make such compromises, because he believes that "we did extremely well" without a central bank and with a gold standard. He stated that the errors that were made stemmed not from the principle, but from the application of competitive markets in "assuming what the nature of risks would be". A few months after his recommendation, Greenspan began raising interest rates, in a series of rate hikes that would bring the funds rate to 5. In 1980, Greenspan expressed great frustration that the February 23 speech was used to criticize him on ARMs and the subprime mortgage crisis, and stated that he had made countervailing comments eight days after it that praised traditional fixed-rate mortgages. Innovation has brought about a multitude of new products, such as subprime loans and niche credit programs for immigrants. Such developments are representative of the market responses that have driven the financial services industry throughout the history of our country. With these advances in technology, lenders have taken advantage of credit-scoring models and other techniques for efficiently extending credit to a broader spectrum of consumers. Where once more-marginal applicants would simply have been denied credit, lenders are now able to quite efficiently judge the risk posed by individual applicants and to price that risk appropriately. These improvements have led to rapid growth in subprime mortgage lending; indeed, today subprime mortgages account for roughly 10 percent of the number of all mortgages outstanding, up from just 1 or 2 percent in the early 1980s. For these reasons, Greenspan has been criticized for his role in the rise of the housing bubble and the subsequent problems in the mortgage industry, [82] [83] as well as "engineering" the housing bubble itself. In Businessweek magazine analysts argued: That leaves them fully exposed to rising rates. Naturally, the banks wanted to borrow as much as they possibly could, then lend it out, earning nice profits. The situation screamed for government oversight of lending institutions, lest the banks lend to unfit borrowers. He refused, trusting the market to weed out bad credit risks. The New York Times wrote, "a humbled Mr. Greenspan admitted that he had put too much faith in the self-correcting power of free markets and had failed to anticipate the self-destructive power of wanton mortgage lending. Greenspan refused to accept blame for the crisis but acknowledged that his belief in deregulation had been shaken". Although many Republican lawmakers tried to blame the housing bubble on Fannie Mae and Freddie Mac, Greenspan placed far more blame on Wall Street for bundling subprime mortgages into securities. In it he argued: Notable critics included J. Greenspan argued, "My view of the range of dispersion of outcomes has been shaken, but not my judgment that free competitive markets are by far the unrivaled way to organize economies". Do we wish to retest the evidence? Several notable contributors in defense of Greenspan included Stephen S. Roach, Allan Meltzer, and Robert Brusca. Meanwhile, Greenspan recommended improving mark-to-market regulations to avoid having derivatives or other complex assets marked to a distressed or illiquid market during times of material adverse conditions seen during the late 1990s credit crisis. In a government report that was a key driver in the passage of the Commodity Futures Modernization Act of 2000, legislation that clarified that most over-the-counter derivatives were outside the regulatory authority of any government agency, Greenspan was joined by Treasury Secretary Lawrence Summers, Securities and Exchange Commission Chairman Arthur Levitt, and Commodity Futures Trading Commission Chairman William Ranier in concluding that "under many circumstances, the trading of financial derivatives by eligible swap participants should be excluded from the CEA" Commodity Exchange Act. Other government agencies also supported that view. But I have been very distressed by that fact. Matt Taibbi described the Greenspan put and its bad consequences saying: In that testimony, Greenspan had stated that growing worker insecurity is a significant factor keeping inflation and inflation expectation low, thereby

promoting long-term investment. His first marriage was to a Canadian artist named Joan Mitchell in ; [] the marriage ended in annulment less than a year later. Greenspan at the time was 58; Mitchell is 20 years younger. Bush in November

The core of this book is a series of quotations by Dr. Alan Greenspan, chairman of the Federal Reserve (-) on the subjects of banks, capitalism, competition, debt and deficits, derivatives, education, employment, the Federal Reserve, forecasting, the gap between rich and poor, globalization, gold, housing, humor, inflation, the new.

Share If Alan Greenspan could stand in front of a TV camera today and say, "The economy is going down in a huge flaming pile just like the Hindenburg," the chances are good the economy would tank within the hour. This power is the result of the position he held for 19 years under four different presidents. Greenspan served as the chairman of the Federal Reserve Board from to , a position he ceded to Ben Bernanke in February of that year. In all honesty, the former chairman of the United States Federal Reserve Board is not the most intimidating man in the world. He certainly does not inspire awe when compared to an economic giant like Bill Gates or a leader like Sir Winston Churchill, but when Greenspan speaks the world trembles. Here we will show the highs and lows of one of the most memorable Fed chairmen and discuss how his actions affected everyone from Presidents to the common man. The Position of Power Essentially, the chairman of the Federal Reserve Board is a bullfighter and a bear-baiter all in one. The chairman keeps balance by altering the benchmark interest rate. When the economy is growing too fast, resulting in inflation and a possible bubble , the chairman uses the blade of interest rate hikes to slow down the rampaging beast so no one gets hurt. When the economy is in a slump , the chairman can lull it out of hibernation with some choice morsels of low interest loans. In the most basic terms, the chairman makes money easy to borrow in hard times and harder to borrow in easy times. Although the role of the Fed may seem very clear cut, the job of chairman of the Federal Reserve Board is surrounded by a murky gray fog. For example, when does an economic slump require lower interest rates to recover? At what point is action preferable to patience? Should the economy be intentionally slowed down? To Be a Hawk or a Dove? As an investor, you probably want lower interest rates in order to maximize corporate profit and, therefore, your own returns. If a person holds a significant position in the market and is financially competent, all but the most extreme inflation is palatable. The ideal situation for investors is one where business is allowed as much room for growth as possible. However, the chairman of the Federal Reserve serves the economy as a whole, transcending both the interests of Wall Street and the policies of any particular political administration. The chairman must also consider the unemployed and working poor for whom inflation equals fewer meals per month. And so it is that you have two types of chairmen: Doves are more accepting of inflation in order to spur the economy, whereas hawks are primarily concerned with limiting inflation rather than encouraging growth. Alan Greenspan was a hawk. Thus, Wall Street and Greenspan often found themselves at odds. More often than not, business papers have painted Greenspan as being rabidly opposed to inflation - suggesting that if inflation were a person, Greenspan would attack it like a tornado of teeth, fingernails and tie clips. Although this is an exaggeration, Greenspan was criticized for pursuing a vendetta against inflation when he might have used his power to attain full employment or economic growth instead. For more insight, see All About Inflation. Blunders Over Better Judgment Despite presiding over one of the most prosperous periods in American history, Greenspan will be remembered as making two large errors. One occurred in the s when the Federal Reserve put the brakes on the economy in response to inflation fears. This resulted in a downturn in the previously prosperous economy. Greenspan eventually reversed his actions, conceding that the " new economy " was not as susceptible to inflation as he had first thought. In admitting his mistake, Greenspan actually strengthened his image as "the saintly Alan Greenspan". He was fallible, human and humble enough to repent in front of the Senate. In fact, Greenspan broke away from his hawk stance in , when the dotcoms went burned out, and again in , after the World Trade Center was attacked. Despite this, he will probably be remembered as a strict disciplinarian.. The second error Greenspan made was much more devastating. After setting the standard for an apolitical Federal Reserve, he compromised himself outside of his official duties. Greenspan was famed for his ambiguous manner of speaking, largely due to keeping the markets from overreacting to his comments. As his prominence grew, the damage that his speeches could do also increased. If finance was a religion, Greenspan was the pope. And lo,

he made a prophecy “ and it was false. In a rare moment of comprehensible speech, Greenspan suggested that not only was there enough economic shoulder room for tax cuts, but there was a danger of the national debt being paid down too fast. When making his statement, Greenspan also noted that while there was room to make tax cuts, they should be conditional to the resurfacing of deficits , in that the appearance of deficits should lead to a reduction in the cuts. Greenspan condemned the same cuts later on, but the damage was already done. He could not have known that the tax cuts would precede a period of simultaneous wars and general upheaval, but he was roundly criticized for justifying them. The End of an Era Greenspan took the reins before one of the worst economic crises in history, the crash of , and by boldly slashing interest rates he kept the economy from sinking into a depression period like the one in which he was born. The years that followed that only cemented his reputation as a pragmatist who did what was necessary for America - not necessarily for any group of Americans. Still, many believe that the Clinton-Greenspan-Robert Rubin economy was a golden age of American economic dominance. Greenspan will always be remembered as the Captain of the American economy when it was the biggest ship on the sea. He was not always right, but with a combination of patience and adaptability he was able to keep the ship on an even keel. There is a chance that the current chairman, Ben Bernanke, and the people after him will be remembered as daring sailors who kept the economy afloat in a sea filled with ships equal to and larger than the American fleet. But will any of them be able to finish a day of grilling questions in front of the Senate, and then go to a club and play swing music on the saxophone without missing a beat?

Chapter 3 : Alan Greenspan: 19 Years In The Federal Reserve

The Quotations of Chairman Greenspan has 36 ratings and 2 reviews. Paul said: I read about halfway into this book before I had to stop. It's a nice look.

Origin[edit] The notion of fed speak originated from the fact that financial markets placed a heavy value on the statements made by Federal Reserve governors, which could in turn lead to a self-fulfilling prophecy. To prevent this, the governors developed a language, termed FedSpeak, in which ambiguous and cautious statements were made to purposefully obscure and detract meaning from the statement. In a famous incident, he once told a US senator who claimed to have understood what the famously obscurantist chairman had just said, "in that case, I must have misspoken". Greenspan states that the confusion, which often resulted in conflicting interpretations, was used to prevent unintended jolts to the markets as confusing statements were typically ignored. You soon learn to mumble with great incoherence. He resorted to an indecipherable delphic dialect known as fedspeak" to which Greenspan responded that "I would engage in some form of syntax destruction which sounded as though I were answering the question, but in fact, had not. So, I proceed with four or five sentences which get increasingly obscure. The Congressman thinks I answered the question and goes onto the next one. As Fed chairman, every time I expressed a view, I added or subtracted 10 basis points from the credit market. That was not helpful. But I nonetheless had to testify before Congress. And so you construct what we used to call Fed-speak. Then, instead of just stopping, I would continue on resolving the sentence in some obscure way which made it incomprehensible. And that became the so-called Fed-speak which I became an expert on over the years. Each quotation has a pointer to its full context in his speech, and is posted without commentary or interpretation. Senate on February 13, [18] [19] Risk takers have been encouraged by a perceived increase in economic stability to reach out to more distant time horizons. But long periods of relative stability often engender unrealistic expectations of it[s] permanence and, at times, may lead to financial excess and economic stress. But how do we know when irrational exuberance has unduly escalated asset values, which then become subject to unexpected and prolonged contractions as they have in Japan over the past decade? Federal Open Market Committee "dot plot" for March, Midpoint of target range or target level for the federal funds rate. The horizontal axis shows the future time in years, and the vertical axis shows the federal funds rate in percent. In the s, the Federal Reserve Open Market rate-setting committee FOMC began publishing dot plots to tabulate all individual committee member projections of target interest rates in a single graphic. Louis Fed James Bullard began a movement away from the dot plot exercise, citing a gap of opinion between market economists and FOMC members. The brief essay mentions two other master practitioners of obfuscation, Hubert H. Humphrey and Casey Stengel. The overall tone of the essay is one of awed admiration for a sometimes-necessary skill in obscurantism. In closing, the writer notes that, "As professional performers say, to deliberately sing off-key requires a highly skilled singer.

Chapter 4 : Books by Alan Greenspan (Author of The Age of Turbulence)

The quotations of Chairman Greenspan words from the man who can shake the world Larry Kahaner. Published by Adams Media Corp. in Holbrook, Mass.

Chapter 5 : Alan Greenspan Quotes About Economy | A-Z Quotes

Remarks by Chairman Alan Greenspan, calendrierdelascience.com March 19, 18 Copy quote In general, corruption tends to exist whenever governments have favors to extend, or something to sell.

Chapter 6 : Greenspan Quotations (TOP of) | QuoteTab

The quotations of Chairman Greenspan: words from the man who can shake the world. [Larry Kahaner; Alan

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Alan Greenspan is a renowned American economist who served as the Chairman of the 'Federal Reserve Board' for a period of 19 years. Initially, he was interested in pursuing a career as a musician and played Clarinet and Saxophone with the famous musician and lifelong friend, Stan Getz.