



30th January 2012

## R.I.P. Maestro

“Crony capitalism abounds when government leaders, usually in exchange for political support, routinely bestow favours on private sector individuals or businesses. That is not capitalism. It is called corruption.”

- Alan Greenspan, writing for some reason in last week's Financial Times, in an article amusingly entitled 'Meddle with the market at your peril'.

**Alan Greenspan, who may have died aged 326, was a failed lingerie salesman and serial fantasist who was accidentally appointed chairman of the US Federal Reserve.**

Alan Stanford Ayn Rand Greenspan was born to lowly sharecroppers from Tupelo, Mississippi. The eighteenth of nineteen children, he was nearly harvested in the infamous Great Tupelo Child Organ Harvest of 1687 but escaped when it was observed that he had been born without any tangible evidence of a brain. From this point onward a degree in economics followed by a career in political lobbying was inevitable.

Greenspan was a keen percussionist in his early youth and in Gerry Rafferty's 'Baker Street' he accompanied the late Bob Holness (playing saxophone) with an inspired triangle solo that reduced the other session players to tears. He was also a one-time door-to-door lederhosen salesman and an occasional practitioner of the Tibetan nose flute.

After obtaining a degree in veterinary science from Yonkers College for Goat Medicine, he secured a position in equity research at New York brokerage Stampnitzky & Meyer where he worked between 1949 and 1966. During this period he was the only employee not to make money from the raging bull market in stocks that lasted from 1949 until 1966. His one equity recommendation was a 'Strong Buy' for a buggy whip manufacturer that subsequently set a North American record for filing for Chapter 11 bankruptcy protection for the most consecutive years: 1949 to 1966 inclusive.

He went on to work as an ethical advisor to President Nixon, as an appointee to the new Peace Committee established under Henry Kissinger, and was appointed chairman of the US Federal Reserve in 1987 in what was believed to be President Reagan's first public display of the Alzheimer's disease to which he would ultimately succumb.

Sixty seconds after his chairmanship at the Fed was announced, the Dow Jones Industrial Average suffered its largest ever points fall in history. Several school parties to the New York Stock Exchange were inadvertently clubbed to death by the bodies of falling stockbrokers. It was at this

point that Greenspan uttered the sentence that would usher in three decades of unparalleled stability and calm to the financial system:

“The Fed affirms today its readiness to provide unlimited amounts of dollars to support Wall Street no matter what.”

Greenspan is noted for the breadth, creativity and variety of his policy responses, whether it was slashing interest rates following the 1987 ‘Greenspan’ Crash, slashing interest rates during the Asian financial crisis of 1997-8, slashing interest rates ahead of the ‘Millennium Bug’ (a small *Ailanthus* webworm moth that was born in late 1999), or slashing interest rates after the dotcom bust of 2001. Greenspan would also occasionally slash interest rates just because he felt like it.

He became known for a certain fussily prolix and complex speaking style that some attributed to an old duffer disguising a policy primarily associated with slashing interest rates by means of talking impenetrable nonsense. He showed those critics who accused him of whoring himself out to Wall Street interests on his retirement by taking up paid consulting roles with PIMCO, Deutsche Bank and Paulson & Co.

Greenspan wrote a memoir titled ‘The Age of Turbulence: Has Anyone Seen My Soap ?’ which was published in 2007, shortly after he forecast a thousand year sunlit upland for the US property and mortgage derivative market. Greenspan apparently wrote the book whilst soaking in his bathtub, a habit he employed ever since an accident in 1971 when he incurred a near-fatal duelling injury at the hands of Ron Paul. He came in for guarded criticism when he advised homeowners to take out Adjustable Rate Mortgages in 2004 when the fed funds rate was at an all-time low of 1%. He then hiked rates to 5.25%.

Greenspan was awarded the Presidential Medal for Services to Wall Street in November 2005. He has also won the Sir Fred Goodwin Award for Economic Forecasting and Bank Stability. He is believed to have fallen in his private library and been crushed to death beneath a massive pile of unsold copies of the Bob Woodward hagiography, ‘Maestro’. He is survived by his son, Ben Bernanke, and by the largest banking, financial, debt and currency crisis in world history.

“Well done, good and faithful servant.”

Tim Price  
Director of Investment  
PFP Wealth Management  
30th January 2012.

Email: [tim.price@pfp.co.uk](mailto:tim.price@pfp.co.uk)

Twitter: timfprice

Weblog: <http://thepriceofeverything.typepad.com> Group homepage: <http://www.pfp.co.uk>

Bloomberg homepage: PFPG <GO>

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