
“I was right 70 percent of the time, but I was wrong 30 percent of the time,” said Alan Greenspan as he testified last week on Capitol Hill. Greenspan — a k a the Oracle during his 18-year-plus tenure as Fed chairman — could not have more vividly illustrated how and why geniuses of his stature were out to lunch while Wall Street imploded.

No doubt he applied his full brain power to that 70-30 calculation. But the big picture eludes him. If the captain of the Titanic followed the Greenspan model, he could claim he was on course at least 70 percent of the time too.

Greenspan was testifying to the commission trying to pry loose the still incomplete story of how the American economy was driven at full speed into its iceberg. He was eager to portray himself as an innocent bystander to forces beyond his control. In his rewriting of history, his clout in Washington was so slight that he was ineffectual at “influencing the Congress.” The “roots” of the crisis, he lectured, dated back to the fall of the Berlin Wall in 1989. In other words: Wherever the buck stops, you had better believe it’s not within several thousand miles of the Oracle. As he has previously said in defending his inability to spot the colossal bubble, “Everybody missed it — academia, the Federal Reserve, all regulators.”

That, of course, is not true. In last Sunday’s Times, one of those who predicted the bubble’s burst — Michael Burry, an investor chronicled in “The Big Short” by Michael Lewis — told in detail of how Greenspan and others in power “either willfully or ignorantly aided and abetted” the reckless boom and the ensuing bust. But Greenspan is nothing if not a representative leader of his time. We live in a culture where accountability and responsibility are forgotten values. When “mistakes are made” they are always made by someone else.

More...