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*Your guide to understanding
today's economy and
financial markets*

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It's Not My Fault!

Written by Jeff Thredgold, CSP, President, Thredgold Economic Associates

Alan Greenspan stepped down as Federal Reserve Chairman in January 2006. Greenspan's more-than-18-year run as Fed Chair was the second longest in the Fed's history.

Upon his retirement from the Fed, Alan Greenspan largely expected to "retire" to a life of constant admiration from financial market players and the media for the noble job he did as Fed head, while also enjoying the spoils of speeches at \$100,000 or more per event...

...how things change

Dr. Greenspan has spent the past two years defending his and the Fed's actions during the last few years of his reign. He has been painted by many as the culprit who kept short-term interest rates too low for too long.

He also frequently alleviated Congressional members' and the media's worst-case fears regarding excessive sub-prime mortgage lending. He also stated more than once that home values across the nation could not decline simultaneously because all housing was "local."

Recent Testimony

The former Fed Chairman testified to the newly created Financial Crisis Inquiry Committee on April 8 as to his actions. While denying any blame for the financial crisis of the past few years, he did note that "In the business I was in, I was right 70% of the time, but I was wrong 30% of the time."

The former Chairman did rightfully note that the Fed and various government regulators were under enormous pressure from the Congress to make it easier for lower income people, as well as people

with poor credit histories, to purchase homes. He noted, "I mean, I sat through meeting after meeting in which the pressures on the Federal Reserve—and on, I might add, all of the other regulatory agencies—to enhance lending were remarkable."

As one would logically expect, the Congress has consistently denied ANY blame for the housing collapse. In reality, there was plenty of blame to go around.

"Rubinesque"

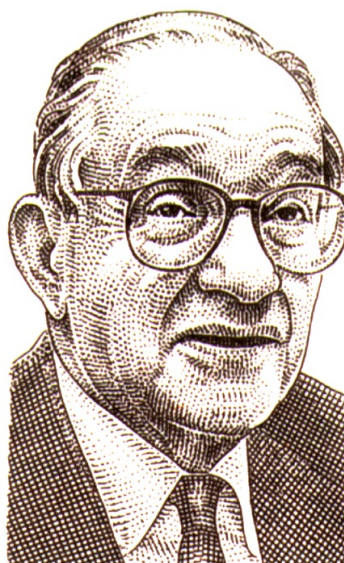
Former Citigroup Inc. chief executive Chuck Prince and former chairman of Citigroup's executive committee (and Clinton Administration U.S. Treasury Secretary) Robert Rubin also testified to the Commission. They responded as to their alleged leadership failings prior to the government's

\$45,000,000,000 rescue of the enormous financial institution in late 2008.

Under the same type of harsh criticism that was leveled against Greenspan, former CEO Prince at least noted, "I'm sorry the financial crisis had such a devastating impact on our country. I'm sorry for the millions of people, average Americans who have lost their homes and I'm sorry that our management team, like so many others, could not see the unprecedented market collapse that lay before us."

Rubin stated for the umpteenth time that, while yes, he was head of the executive committee for nearly a decade, and served briefly as chairman of the board, his role was primarily as an advisor, and he had no real impact on decisions. For such a role, he was paid \$126,000,000 over eight years...

...nice work if you can get it



**Former Federal
Reserve Chairman
Alan Greenspan**

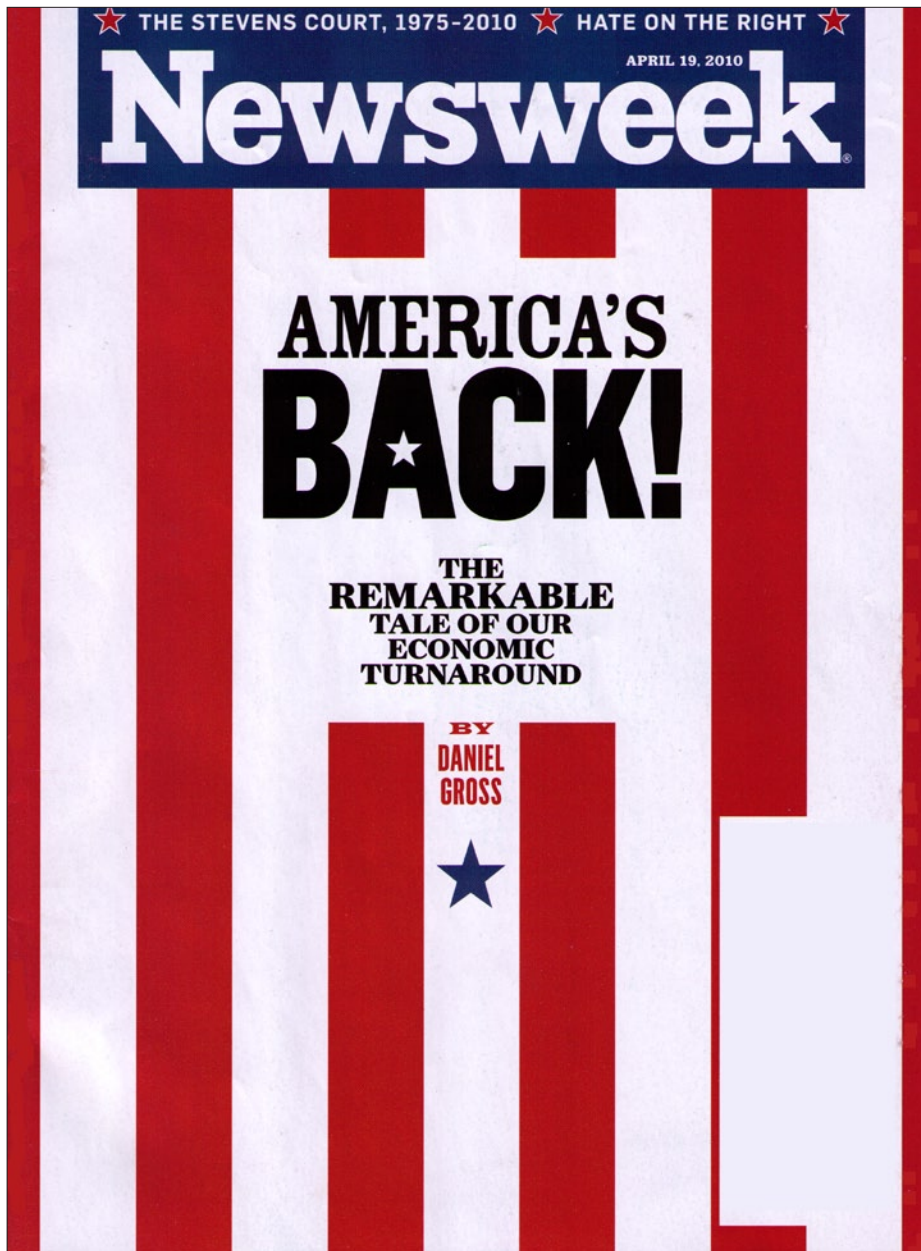
Rebound

As part of my regular speaking presentation around North America between September 2008 and roughly June 2009, I was critical at times of such publications as *Business Week* and *Newsweek* for the extreme negativity they portrayed on their magazine covers. Such negativity scared people to death, and only made the economy worse.

I noted that at some point within the next year we would see much more positive cover stories regarding a U.S. economic rebound and brighter days ahead. The latest cover of *Newsweek* is

one such cover...“AMERICA’S BACK! THE REMARKABLE TALE OF OUR ECONOMIC TURNAROUND.”

Yes, we still have major challenges ahead with housing, high unemployment and horrendous budget deficits. However, all of these challenges are easier to meet when the national media’s message is positive, rather than toxic...



“TEA”ser

I was worried that my mechanic might try to rip me off. I was relieved when he told me all I needed was turn signal fluid.



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