

The Architects of Derivatives and Sub-Primes: Greenspan and Cox Confess

By [Global Research](#)

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Former Fed chair Alan Greenspan and SEC head Christopher Cox confessed their mistakes to Congress.

By way of background, Greenspan was a [one of the main supporters of derivatives](#) since at least 1999 (and see [this](#)). He was one of the main [cheerleaders](#) for subprime loans. And of course, he pushed “easy credit” with low interest rates.

The SEC has advocated no government oversight and “voluntarily regulation” by the companies themselves.

But today, they confessed. As an [article](#) in Market Watch says:

Three current and former financial regulators told Congress Thursday that they made fateful mistakes that helped drive the global financial system to the brink of disaster, and urged Congress to fill the regulatory gaps.

“We have learned that voluntary regulation does not work,” said Christopher Cox, chairman of the Securities and Exchange Commission, in testimony on Thursday at the House Oversight and Government Reform Committee. “It was a fateful mistake” that no one was given the authority “to regulate investment bank holding companies other than on a voluntary basis.”

Former Federal Reserve Chairman Alan Greenspan . . . said, he and others are in “a state of shocked disbelief” that “counterparty surveillance” failed. He said he still doesn’t fully understand what went wrong.

Greenspan said he favored strengthening the regulatory structure. “As much as I would prefer it otherwise, in this financial environment I see no choice but to require that all securitizers retain a meaningful part of the securities they issue,” Greenspan said.

Greenspan’s admission might not sound very dramatic at first glance. But for a guy who is known for his cryptic mumblings and for rationalizing his own actions, this is his way of saying “we broke it, now someone’s got to fix it”.

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