

## VIDEO: Alan Greenspan: The Financial Crisis was Caused by a “Once-in-a-Century” Event

By [Washington's Blog](#)

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Region: [USA](#)

Theme: [Global Economy](#)

Greenspan’s [big defense](#) is that the financial crisis was caused by a “once-in-a-century” event.

Forget about the fact that the “once-in-a-century event” couldn’t have happened if Greenspan’s Fed hadn’t:

- Turned its cheek and [allowed massive fraud](#)
- Acted as cheerleader in chief for unregulated use of derivatives at least as far back as 1999 (see [this](#) and [this](#))
- And for [subprime loans](#)
- Allowed the giant banks to grow into mega-banks. For example, Citigroup’s former chief executive says that when Citigroup was formed in 1998 out of the merger of banking and insurance giants, Greenspan [told](#) him, “I have nothing against size. It doesn’t bother me at all”
- Argued that economists had [conquered the business cycle](#), and that [modern, technologically advanced financial markets are best left to police themselves](#)
- Preached that a new bubble be blown every time the last one bursts
- Kept interest rates too low
- And did alot of other hinky things

More importantly, as Nassim Taleb repeatedly [points out](#), financial experts who don’t plan for rare events are like pilots who don’t know about storms.

There are storms out there, Taleb says, and any pilot who doesn’t know how to deal with storms shouldn’t be flying. Similarly, no one should be in a position of financial leadership if they don’t know about – and plan for – the infrequent event:

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