

My comment about the Greenspan “conundrum”

[Tsang Shu-ki](#) (3/3/2005)

If one of Alan Greenspan's primary objectives is to do what he can to ensure that domestic and international funds keep on investing in the US, and in the process he cried “irrational exuberance” (to cool), eulogised the “new economy” (to boost), cut fed funds target rates with unprecedented speed (to remedy), and has tried to inflate the long end of the yield curve without much success lately---all in good faith of course---and yet faces a self-confessed “conundrum”, why?

Who and what to blame? Greedy but myopic carry traders and hedge funds managers, laggard central bank bureaucrats in Asia, or US CPI statisticians (and their bosses behind)? Or George W. Bush’s reckless fiscal indiscipline? Or US economic and geo-political fundamentals? Well, beware of the long waves and a possible inverted yield curve. In a situation of [delayed calls](#), Roach, Gross and the rest of the gang might eventually be vindicated, after further embarrassment, that is.