

The first biography of the economic miracle worker

By David R. Francis

Thank goodness for lively journalists. When they write books, they can make what could be a dull, difficult story fascinating and fun to read.

That's the case with this first full biography of Alan Greenspan, chairman of the Federal Reserve, and, as author Justin Martin puts it, "a bona fide celebrity." (Bob Woodward, of Watergate fame, has just released his own Greenspan biography, "Maestro," that concentrates more on political infighting involving the Fed and its chairman.)

Judging by his testimony before Congress, Mr. Greenspan could be seen as a nerd economist: an expert in his profession, but too technical and abstruse for the average person.

But Martin, a former staff writer at Fortune magazine, has interviewed hundreds of people who played a role in Greenspan's life to reveal an intriguing man. For example, his early love of music led him to study at New York's famous Juilliard School of

Music. He left before graduation to play the clarinet and tenor saxophone in Henry Jerome's swing band for \$64 a week as it toured the United States in 1944.

It turns out that the nation's leading central banker and arguably the most powerful economic official on the globe is something of a "man about town." His current wife, NBC

GREENSPAN: THE MAN BEHIND MONEY

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newswoman Andrea Mitchell, his ex-wife, and other female friends say he's a great conversationalist.

The book also tells of his 16 years in the inner circle of Ayn Rand. She led a philosophical group called Objectivists and wrote "The Fountainhead" (1943) and "Atlas Shrugged" (1957), novels that celebrate rugged individualism and capitalism.

Martin has no ideological axe to grind. He gives readers a pain-

less education on how Washington makes economic policy, a brief history of the Fed, and a clear explanation of how the Fed conducts monetary policy. Moreover, the reader learns a good deal about economic history of the past few decades.

Greenspan was there, becoming a more important participant with time. He rose from campaign adviser to Richard Nixon in 1968 to chairman of the Council of Economic Advisers under President Ford.

He served on several commissions. One led to abolishment of the military draft, another to ongoing changes in the Social Security system.

President Reagan appointed Greenspan as chairman of the Fed in 1987, just in time to deal successfully with the stock market crash of Oct. 19, 1987.

Greenspan is now in his fourth term as Fed chairman. With his deft handling of the Asian financial crisis and with the economic expansion stretching out to a record 10-plus years,



KAMENKO PAULIC/AP

he has become famous.

"The Fed chairman was promoted to iconic status and joined the ranks of Henry Hudson, General Douglas MacArthur, and Madonna," writes Martin.

Greenspan, though, wasn't always regarded as an economic hero. President Bush blamed the central banker for his defeat in the 1992 presidential election. The Bush administration, faced with the 1990-91 recession, had kept up a steady public drum-

beat for easier money. But the recovery was slow. In a 1998 interview, Bush told David Frost that if interest rates had been lowered more dramatically, he would have served a second term.

The book suffers slightly from psycho-babble when talking of Greenspan's female friends and his strong, loving mother. He grew up in his grandparents' cramped New York apartment. His mother moved there after divorcing Greenspan's father when he was 5.

Some economists might challenge a bit of Martin's economic analysis. Monetarists, for instance, would disagree with his assertion that inflation is the "inevitable" byproduct of large budget deficits. Too much new money causes inflation, they argue. But these are just nits in a solid and entertaining book.

■ David R. Francis is the senior economics correspondent of the Monitor. Like Mr. Greenspan, he has a very messy desk.