

Santomero's Reflections on Greenspan and Bernanke

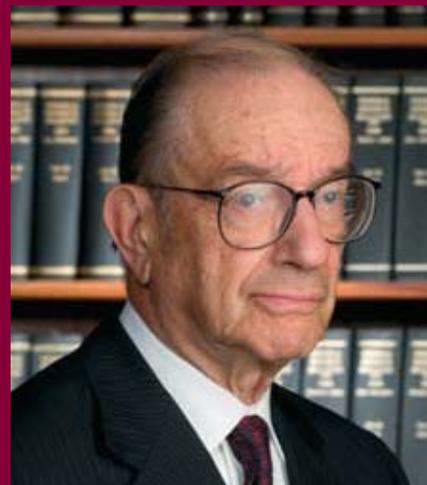
Alan Greenspan

How did Alan Greenspan accomplish so much? Everyone wants to know the answer to this and there is no shortage of explanations. But from my vantage point the answer is rather clear.

Alan Greenspan is first and foremost an extraordinary economist. As a professional economic forecaster, he has an uncanny ability to project our economy's course. His almost total recall of even the most obscure statistics is unparalleled. As a result, he has shown the most remarkable ability to adapt to the pervasive, ongoing changes in the economy while still standing strong against inflation.

But while Alan Greenspan is an extraordinary economist, he is also an extraordinary leader. He will be remembered as a consensus builder and a developer of talent. It shows in the strength of the organization and the strong consensus that has been achieved at our monetary policy meetings. Unanimity has been the rule, not the exception, in spite of strong voices and difficult circumstances. This is a testament to his leadership.

Yet, historians will probably most remember Greenspan and the Greenspan era for the changes made to transparency in Fed policymaking over the past decade. This openness has been the defining aspect of monetary policy under Greenspan. Information about the Fed's policy goals, its assessment of the current economic situation, and its strategic direction are increasingly part of the public record.



Former Chairman Alan Greenspan

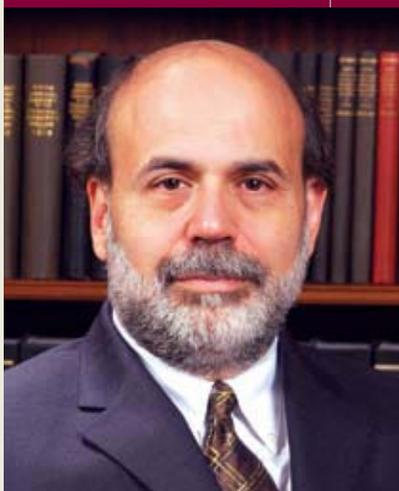
Ben Bernanke

Chairman Bernanke has close ties to the Philadelphia Bank. He served as a visiting scholar in our Research Department, a participant in our annual Policy Forum, and a neighbor during his time at Princeton.

I came to know Ben quite well when he was on the Board of Governors in 2003 and 2004, and I always appreciated his collegiality and insight. He is scholarly and unassuming — a true intellectual. He is a man of impeccable credentials and sound policy judgment. His reputation is one of intellectual rigor and integrity.

Ben is considered one of the finest monetary economists of our time, with a gift for understanding how economic concepts apply to real world markets. This allows him to neatly bridge the gap between sound ideas and good policies. He questions the status quo and offers fresh interpretations of the data.

As chair of Princeton's Economics Department, Bernanke described his managerial style as "primus inter pares" (first among equals). He has said, "We're all the same rank. I'm just the one sitting in the chair." This approach could also serve him well as Chairman of the FOMC, where all participants contribute to the outcome and policy action.



Chairman Ben Bernanke