THE MAN WHO KNEW

THE LIFE AND TIMES OF ALAN GREENSPAN

SEBASTIAN MALLABY

ALSO BY SEBASTIAN MALLABY

More Money Than God
The World's Banker
After Apartheid

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The Life and Times of

ALAN GREENSPAN

SEBASTIAN MALLABY

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BOOK III

THE CENTRAL BANKER

Preface

This book is based on almost unlimited access to Alan Greenspan, his papers, and his colleagues and friends, all of whom were generous in their collaboration. For a period of five years, starting in the autumn of 2010, I was a familiar visitor to Greenspan's offices in Washington, D.C., and saw him in other contexts, too: at home, hosting a dinner for a former British prime minister; at his suite in the Ritz on New York's Central Park South, where the staff welcomed him with a model of the Federal Reserve building made out of chocolate; on the Acela train between his two home cities, where he tipped the porters generously, proclaiming a belief in redistribution. At some point in this process, after we had logged more than seventy hours of recorded conversations, I stopped counting the time. The intriguing bits seemed to come at the least expected moments, and they were not always when the recorder was running. Once, after Greenspan had mentioned his love of automobiles, and particularly their ability to lift his mood from a dark patch, I sent a note over to his office, wondering how seriously he had meant this. Later that day, Greenspan replied:

> Dear Sebastian,
>
> In 1959 I bought a Buick convertible with tail fins and red leather seats. It did cheer me up driving on highways with J.S. Bach loudly pouring out of my car radio speakers. I do not recall being depressed prior to the purchase, however.
>
> Best,
>
> Alan

I looked around for a photo that matched Greenspan's description, and sent it over to him. Greenspan's assistant relayed his answer:

> *AG said this is his car! But his was red interior with black exterior (not white, as in the photo). He said he had air conditioning.*

In the margins of conversations about money and power, the private man would surface unpredictably. Once, rather early in the process, I asked Greenspan about his romantic life. "I dated news anchors, senators, and beauty queens," he stated, a bit mischievously. I asked him what made him most happy. A sense of progress, a life trajectory angled upward at the steepest possible incline, he replied, with disarming honesty. I asked him why, despite having spent almost two decades as the world's most powerful economist, he still persisted in describing himself as a "sideman." The answers stretched back to the love and injury he had experienced as a child. His ambition, his shyness, the manner in which he navigated Washington—all had their roots in a 1930s boyhood on the northern tip of Manhattan.

Some of the best research discoveries came almost despite him. Several assiduous reporters had tried to lay hands on Greenspan's early writings, contained in his doctoral thesis; oddly, New York University, which awarded the degree, had lost it. But after several months of sitting at the round table in Greenspan's office, I noticed a pattern: when he referred to his youthful thinking, his eyes would drift up to a certain shelf; and, following his gaze, I spied a fat binder. One day, when Greenspan returned to the subject of his intellectual development, I looked up at that same shelf. I would love to read that early work, I said, staring purposefully at the binder. Despite the awkward nature of the content, he gave it to me.

I knew that in the 1960s, when Greenspan had been the de facto chief economist for the claque of libertarians clustered around the novelist Ayn Rand, he had delivered a series of lectures titled the Economics of a Free Society. I wondered if there were recordings, or possibly a text, affording an insight into Greenspan's worldview as he crested his late thirties. One day, as I tracked down Greenspan's friends and colleagues from those times, I found myself in a secluded cabin in the woods of Virginia, talking to Lowell Wiltbank, who had managed the computers and machines at Greenspan's small consulting firm. Learning that Wiltbank was himself a devotee of Rand's thinking, I asked whether he had kept memorabilia from her movement. His basement was stocked with it, he said. Before very long, I had three hundred pages of transcripts: the complete map of my subject's mind, at the height of his intellectual purism.

Inevitably, research of this kind involves drilling many dry boreholes. But the gushers repaid me: the personal files of the Republican provocateur Patrick Buchanan, which contained Greenspan's unapologetically conservative memos to Richard Nixon on the racial tensions and assassinations of 1968; the untold story of the Fed's record on derivatives and mortgages, teased out of interviews and documents released under the Freedom of Information Act; the sensitive memories of some of the women who loved him, foremost among them his wife, Andrea Mitchell. As I write in my acknowledgments, my own discoveries were augmented by an exceptional research team at the Council on Foreign Relations. Between us, we conducted hundreds of interviews and consulted thousands of pages of documentary sources in an attempt to reconstruct a life as vividly and accurately as possible.

I was moderately surprised when Greenspan agreed to cooperate with this project. I approached him after he expressed admiration for my history of hedge funds, which he cited in his own retrospective work on the 2008 financial crisis. But I imagined his attitude might be colored by an earlier book: my account of the World Bank under its tempestuous boss James Wolfensohn. Although my verdict on Wolfensohn had been broadly positive, it had not been received well: Wolfensohn sought to discredit me, and the World Bank bookshop decided not to display the stacks of copies it had ordered. During one of his tantrums, Wolfensohn's staff had arranged for a distinguished friend to call and calm him down. The friend was Alan Greenspan.

Despite this unpropitious background, Greenspan did agree to talk to me, even though he understood that he could claim no power over my account or my conclusions. On the advice of my literary agent, I tried to lock him in, asking that he sign an agreement promising cooperation with me and no other author. At this, Greenspan balked, observing that at some point I was likely to start doing things that he disliked; and since I was not offering to bind my hands, he was not about to bind his either. After that testy beginning, we proceeded on the basis of mutual autonomy—a fitting formula for the biography of a libertarian—and I would not in retrospect have wished anything different. The arrangement gave me full access to my subject combined with untrammeled independence. Married to one journalist, a courter of others over many years, Greenspan understood that he should not try to control me.

At the end of my writing, I hesitated to show my manuscript to Greenspan. Nothing in our relationship required me to do so, and I recognized the risks in putting my cards on the table. The mere extent of my research might come as a shock: in some cases, I had not told Greenspan about the documents I had unearthed because these often spoke for themselves and did not require his comment or elaboration. Besides, people generally do not find it easy to swallow an outsider's unvarnished account of their doings—like Wolfensohn before, Greenspan might react by firing back at me. Inevitably, the evidence had led me repeatedly to an understanding of my subject's actions and motives that was at variance with his own account—he was not going to like that. But after some deliberation, I did show Greenspan the pages. For one thing, openness seemed the more honorable course; he had been open with me, after all. For another, I wanted to submit my research to this final check. After five years of exhaustive efforts to get to the truth, it seemed right to test my results one last time against my subject's memory.

Three weeks after receiving my pages, Greenspan called me in London. We had two long conversations during which he vigorously disputed my interpretations in only a handful of places. The rest he accepted, noting with a chuckle that my history was perhaps more accurate than positive. I deferred to him on one detail about his relationship with his parents, and added a point about his motives in resisting derivatives reform in the late 1990s. In other instances, I weighed what he said but left my account substantially unaltered.

Positive or not, I hope this history is instructive. As the most influential economic statesman of his age, Greenspan spent a lifetime grappling with a momentous shift: the transformation of finance from the fixed and regulated system of the postwar era to the free-wheeling free-for-all of the past quarter century. No other individual was closer to the decisions that attended this change. The story of Alan Greenspan is also the story of the making of modern finance.

"Just prior to World War I emerged one of the historic disasters in American history, the creation of the Federal Reserve System."

—ALAN GREENSPAN, 1964

"The bottom line is that we really do not know how this system works."

—ALAN GREENSPAN ON THE FED'S OPERATION OF MONETARY POLICY, 1999

"Financial markets now view Chairman Greenspan's infallibility more or less as the Chinese once viewed Chairman Mao's."

—ALAN BLINDER AND RICARDO REIS, 2005

"Ages are no more infallible than individuals; every age having held many opinions which subsequent ages have deemed not only false but absurd."

—JOHN STUART MILL, 1859

Introduction:

"HE HAS SET A STANDARD"

On January 23, 1986, the members of the president's economic advisory board gathered in the Roosevelt Room in the West Wing of the White House. The group met in secret; to evade the irritating disclosure laws, the organizers had invited the CIA director and used his presence as an excuse to declare the meeting classified. Walter Wriston, the tall, slouched executive who had built Citicorp into the nation's top commercial lender, took his seat at the table; so did Milton Friedman, the diminutive libertarian iconoclast from the University of Chicago; and so did a dozen other luminaries from Wall Street and academia. After two hours of deliberation, a door opened. In walked Ronald Reagan.[1]

The president had one subject on his mind: inflation. With prices rising at around 4 percent per year, the country was far better off than it had been at the turn of the decade, when the rate had approached 15 percent. But 4 percent was still not low enough, at least not for Reagan. Inflation must be forced down to zero, "or we go right back to where we were."

One adviser suggested that the rate of acceptable inflation might have risen. But the president had no patience with appeasement.

"How the hell are we going to level it off?" he demanded.

"You are 100 percent right," Milton Friedman responded. "Only one goal is right and that is zero." If people grew complacent, Friedman reckoned, inflation could be back up around 7 or 8 percent by the end of that year.

"Didn't Bastiat say that 'no civilization has survived fiat money'?" asked Reagan.

The president's appeal to a cultish nineteenth-century French economist silenced most of his counselors. It seemed unwise to challenge Reagan on his core convictions —in this case, that a currency founded on nothing sturdier than the goodwill of bureaucrats would fail in its basic purpose, which was to act as a store of value. At the start of his presidency, Reagan had set up a commission to consider a return to the gold standard. At some deep level, the president believed that the remedy to the inflationary malaise of the 1970s was to go back to a simpler time, when money was a tangible substance.

Friedman waded in again. He sensed where Reagan was going and moved to redirect his thinking.

"Today fiat money is taken as standard," the professor insisted. The president was right to fear inflation; but rather than dream of a return to the gold standard, it would be better to avoid inflationary excess by limiting the bureaucrats' money-printing instincts. Central bank discretion should give way to a monetary autopilot: the law should lay down that the supply of money must increase by, say, 4 percent a year—not more and not less. “We have to tame fiat money by rules,” Friedman said. “Don’t think we can go back to a commodity money.”

Friedman generally had the last word on such questions. Since the 1960s he had been the reigning academic commentator on monetary matters, and his polemical skills were intimidating. “Everyone loves to argue with Milton, particularly when he isn’t there,” Reagan’s secretary of state, George Shultz, wryly observed; a few contemptuous words from this gadfly could reduce grandees to stutters.[2] But one man at the table was ready to stand up to Friedman.

“Why not a commodity standard?” a quiet voice demanded.

The quiet voice belonged to Alan Greenspan. He was in many ways a thoroughly unlikely figure. Neither a distinguished university professor nor a private-sector baron, he ran a low-profile New York consultancy. He had married briefly in his twenties; but now, at almost sixty years old, with an athletic frame, generous lips, and slick black hair, he played a curious dual role: introverted data guy and eligible society bachelor. Every Republican president since Richard Nixon had come to value his advice—he was the man who knew the arcana of the federal budget, next year’s likely steel output, and the mysterious fragilities of finance. But he was also an accomplished dancer and a driver of ostentatious cars, and he courted beautiful women, not always sequentially.[3] The previous year, Greenspan had appeared on TV in a broad-shouldered power suit to pitch the latest Apple computer, fusing his own brand of nerdy sex appeal with Apple’s insurgent image. After demonstrating how viewers could use the device to track their finances, dial into their bank accounts, and pay bills electronically, Greenspan signed off with evident pleasure. “If you have any money left over, congratulations,” he closed, with a sardonic arching of his eyebrows. “You’re doing better than the government is.”

Reagan seemed to like Greenspan’s remark about a gold standard. “I used to pay $50 for a suit,” the president complained. “Now $50 will hardly get it cleaned.” Vaulting from the mundane to the existential, he asked, “Is it possible for mere human beings to decide how much money should be put out?”

“The problem you have in the federal government is that it can print money,” Greenspan observed sympathetically, in his trademark tone of soft authority. A gold standard might be the way to discipline the political classes: so long as there was a central bank that could create fiat money at will, politicians would always spend beyond their means, confident in the knowledge that their debts could be canceled by the printing presses. For precisely this reason, Greenspan had spent his twenties and thirties railing against the monetary status quo. Until Americans recognized that money-printing central banks were fundamentally deceitful—until they tied money to gold—inflation would remain a constant threat and the economy would rest on rickety foundations. Indeed, although few people remembered this, Greenspan had pushed this argument to its logical extreme. In what must surely rank as one of the twentieth century’s great ironies, he had described the creation of the nation’s central bank as “one of the historic disasters in American history.”[4]

• • •

A year and a half after his exchange with Reagan, on August 11, 1987, Alan Greenspan was sworn in as Federal Reserve chairman. For the next eighteen and a half years, he embodied the idea that he had frequently denounced: that the discretionary judgments of a money-printing central bank could stabilize an economy.[5] Greenspan was so apparently successful in doing what he had deemed impossible that he became a global superstar, revered by economists, adored by investors, consulted by leaders from Beijing to Frankfurt. When he held forth at the regular gatherings of central bank chiefs in Basel, you could hear a pin drop; the distinguished figures at the table, titans in their own terrains, took notes with the eagerness of undergraduates. Through quiet force of intellect, Greenspan seemed to control the orchestra of the American economy with the finesse of a master conductor; he was the "Maestro," as an incautious biographer suggested. His oracular pronouncements became as familiar and comforting to ordinary Americans as Prozac and *The Simpsons*, the *New Yorker*'s John Cassidy wrote, slyly citing mood lifters that debuted the same year that Greenspan was appointed.

Greenspan's triumph was not merely remarkable in light of his own history as a critic of paper money. It was a refutation of powerful economic ideas—ideas that made it difficult even to conceive of a Fed chairman as a maestro. Since opening for business in 1914, the Fed had presided over inflation during two world wars, converted the recession of the 1930s into the Great Depression, and then, in the 1970s, proved feckless in the face of the most serious peacetime inflation in the nation's history. Surveying this procession of disasters, monetary theorists argued that central bankers would always be soft on inflation—they were subject to irresistible political pressure to juice up the economy.[6] Arthur Burns, who served as Fed chairman between 1970 and 1978, was ruthlessly bullied by Richard Nixon's henchmen; his successor, G. William Miller, was chosen by Jimmy Carter because he was politically loyal, then summarily removed after eighteen months in office. In 1979, Milton Friedman went so far as to write to Paul Volcker, Miller's replacement, confidently predicting his inevitable failure. "My condolences to you on your 'promotion,'" Friedman sneered, noting that the Fed faced double-digit inflation. "As you know, I do not believe that the System can rise to that challenge without major changes in its method of operation."[7]

Despite Friedman's contempt, Volcker proceeded to conquer inflation. But the idea that there were political limits to the Fed's inflation-fighting capacity still seemed true. Volcker had gotten away with toughness because double-digit price rises had created a national crisis; it would be hard to keep the pressure on once inflation had moderated. Indeed, toward the end of Volcker's tenure, Reagan appointees at the Fed staged a revolt against his tight-money policy, humiliating him so much that he considered resignation. The lesson seemed to be that a central banker such as Greenspan, who took office at a time when inflation was no longer enemy number one, was almost doomed to fail. Barring a return to the gold standard, only Friedman's monetary autopilot could be counted upon to ensure that the money in America's wallets would hold its value into the future.

Greenspan duly began his tenure amid modest expectations. Observers predicted that he would be "unable to dominate the Federal Reserve Board the way Volcker had . . . [and] unable to intimidate the politicians."[8] Sure enough, he was attacked repeatedly during his first years in office by the administration of George H. W. Bush; then, when a Democrat won the election of 1992, it was widely assumed that his days were numbered. And yet by the end of his tenure, Greenspan had achieved the exalted stature that Friedman had believed impossible. He received the Presidential Medal of Freedom, a British knighthood, and the French Legion of Honor, surviving in office for more than twice as long as Volcker, more than twice as long as Burns, and twelve times as long as the ill-fated Miller. Only William McChesney Martin, who led the Fed from 1951 to 1970, outlasted Greenspan by a hair. But in Martin's day, banking and credit mattered less and the Fed had little of its later stature.

Twenty-seven years after his caustic letter to Paul Volcker, Milton Friedman greeted the end of Greenspan's chairmanship by acknowledging a revolution. Greenspan had not only sustained Volcker's victory against inflation, he had also extended it. Prices had risen at an average annual rate of 5.2 percent in the Volcker era, and by 3 percent during his second four-year term. During the eighteen and a half years of Greenspan's tenure, they had risen at an average annual rate of just 2.4 percent.[9]

"Alan Greenspan's great achievement is to have demonstrated that it is possible to maintain stable prices," Friedman declared.

"He has set a standard."[10]

• • •

Milton Friedman died in November 2006, ten months after his tribute to Greenspan. He did not live to witness the financial crisis of 2008—or the dramatic reappraisal of his friend's reputation. In the years after Wall Street's meltdown, the reassuring maestro became a popular villain, blamed for inflating a monstrous bubble through heedless incompetence or wild laissez-faire ideology. From the vantage point of the postcrisis world, the fact that Greenspan had squeezed down consumer price inflation seemed almost beside the point. The crash had destroyed millions of jobs, wiped trillions of dollars off the value of household savings, and brought on the worst recession since the 1930s.

The financial crisis is indeed key to judging Greenspan's legacy. He cannot be blameless; the cost of the implosion was so great that more should have been done to avert or at least mitigate it. Yet although criticism is essential, it is worth stating something clearly at the start: much of the postcrisis commentary has reduced Greenspan to a caricature. He is accused, along with much of the economics profession, of believing blindly in models. He was in fact a leading skeptic of them. He is blamed for underestimating the propensity of financial systems to run wild. He had in fact spent fifty years warning of treacherous credit cycles. He is painted as an Ayn Rand–loving libertarian ideologue. Yet one of the many paradoxes of his rich life is that his bond with the uncompromising Rand coexisted with a malleable pragmatism. He was a Jew who advised the frequently anti-Semitic Richard Nixon. He was a conservative who could advocate tax hikes. He was a libertarian who repeatedly supported financial bailouts. He was an economist who often behaved more like a

Washington tactician. A man who embraces the gold standard and then presides over the financial printing press is surely no simple ideologue.

Greenspan's roots as a gold bug render the crash of 2008 all the more perplexing.[11] He believed in gold as a disciplinary device—governments would not bail out Wall Street if they could not print the money with which to do so. And yet as Fed chairman, he delivered multiple rescues, cutting interest rates aggressively to cushion the shock of Wall Street's 1987 crash, the fallout from Russia's default in 1998, and the tech bust of 2000. The upshot of the older Greenspan's policies was precisely what the younger Greenspan feared: financiers were encouraged to take ever wilder risks, confident in the assumption that the Fed would protect them.[12] Why Greenspan was willing to cut interest rates and preside over a huge buildup in risk taking, and what might have happened if he had kept the cost of borrowing higher, are central questions in any judgment of his legacy. But if even this gold advocate shrank from sterner discipline, would another Fed chairman have acted differently? Was his use of monetary policy to backstop the financial system inevitable, given the political and institutional pressures he faced? Or did it reflect some weakness of character, some fear of confrontation, some lurking insecurity that had to be assuaged by power and popularity?

If Greenspan's stance on interest rates is puzzling, his regulatory stance is commonly seen as the unsurprising result of his libertarian ideology. In the view of most commentators, Greenspan resisted tougher regulation because he naïvely believed that markets were efficient. He trusted financiers too much, failing to imagine that their dazzling inventions could destabilize the economy. But the truth is more subtle and more complex than this account implies. Greenspan never was a simple efficient-market believer, and he sometimes voiced grave doubts about the risks in financial innovation.[13] If he nonetheless welcomed the advent of options, swaps, and newfangled securities, it was partly because he felt he had no choice. The inflation of the late 1960s had destroyed the comforting system of fixed exchange rates and regulated caps on bank interest rates; meanwhile, technological change and globalization made it impossible to resist the explosion of trading in derivatives. To cite just one telling illustration, between 1970 and 1990 the cost of the computer hardware needed to price a mortgage-backed security plummeted by more than 99 percent. No wonder securitization took off during this period.[14] So when Greenspan and his allies judged that certain regulations were obsolete, they were not the deluded victims of some libertarian fever. Rather, they were grappling with how best to manage the old system's inevitable demise. Policy makers could not have preserved the controlled financial system of the 1950s and 1960s even if they had wanted to.

Besides, it was by no means obvious that financial modernization should have been resisted, even if resistance had been feasible. The evident risks in the new financial methods had to be balanced against real benefits. Once currencies began to fluctuate, for example, exporters feared a dollar appreciation that would make their goods uncompetitive; importers feared a dollar decline that would push their costs up. Currency derivatives offered exporters and importers a way to meet in the futures market and cancel out each other's risks—far from rendering the world unstable, financial engineering promised to make it safer. In similar fashion, the securitization of mortgages allowed risks to be dispersed among thousands of investors; swaps and options, while dangerous if abused, had the same risk-spreading propensity. And when it came to managing the attendant perils, it seemed reasonable to bet that banks and investment houses would do better than regulators who operated at one or two removes. Contrary to caricature, Greenspan and his allies did not expect private actors to avoid manias and crashes, but they did hold the view that supervisors would do no better at averting them. They were not naïve efficient-market believers. They were government-can't-do-better realists.

Greenspan began his public and political career when he signed on with the Nixon campaign in the summer of 1967, at a time when modern finance had yet to be invented. Over the next four decades, he was involved in every significant financial debate: as chairman of President Ford's Council of Economic Advisers (CEA), as a Reagan administration confidant, as chairman of the Federal Reserve, and as a leading interpreter of capitalism. Along the way, the allies he collected came from both sides of the political divide. It was Jimmy Carter, a Democrat, who got rid of the last vestiges of interest-rate regulation for banks. It was Bill Clinton, another Democrat, who signed the banking reform of 1999 that ratified the breakdown of the Depression-era separation between banks, insurers, and securities houses. It was, for that matter, a global club of technocrats who, in setting rules for bank capital, deferred to banks' own risk models, effectively handing the teenagers the keys to the Mercedes. To paint financial deregulation as the product of some right-wing conspiracy is laughably off the mark. Intelligent people were grappling with deep forces driving financial evolution and making the best judgments they could. The sincerity of their purpose makes their errors all the more illuminating.

One of the virtues of biography is that it allows readers to understand decision making as it really is—imperfect, improvised, contingent upon incomplete information and flawed human nature. Greenspan and his contemporaries blundered: they were insufficiently wary of the distorted incentives within large financial institutions; they were too complacent about bubbles and leverage. But while one task for the historian is to judge past generations, a second is to show future generations how and why their capable predecessors strayed. After all, tomorrow's financial statesmen will grapple with the same limitations that Greenspan confronted. They will be expected to forecast crises but will lack the tools to do so. They will be called upon to eliminate financial risks when such risks are inescapable features of the human condition. The delusion that statesmen can perform the impossible—that they really can qualify for the title of "maestro"—breeds complacency among citizens and hubris among leaders. The story of Alan Greenspan may perhaps serve as an antidote.

Book I

THE IDEOLOGUE

One

THE FEELING OF A CONQUEROR

Growing up in the 1930s, he fell in love with the railroads. The great locomotives, puffing and panting as they hauled their unimaginable loads, seemed less like machines than mythical creatures—"some species of mastodon," as a book of the time put it.[1] To watch the beam of light from the great monster's headlamps, to glimpse the hellish fire lighting the interior of the cab, to see the shadow of the fireman silhouetted against the glow—all this was to experience the thrill and terror of industry and progress, to see precisely what was meant by the American century. From around the age of eleven, the young Alan collected train timetables, memorized the routes and the towns along the way, and imagined himself traveling the continent: Duluth to Minneapolis, Minneapolis to Fargo, and then onward and westward to Helena, Spokane, and finally Seattle. It was a way of conjuring a world beyond Washington Heights, the neighborhood of immigrants he inhabited on the northern tongue of Manhattan; a way of escaping the squat redbrick apartment building with its ornate stucco moldings, of freeing his mind from the too-familiar streets filled with European accents—Yiddish, Irish, and German. Washington Heights had been developed just a few years earlier, after the New York subway stretched north to reach it in 1906. But although the subway had arrived, you could still see horses on the streets and men who cleaned up after them.[2] No wonder the railroads seemed romantic.[3]

Alan lived with his grandparents Nathan and Anna Goldsmith and with his doting mother, Rose. They shared a one-bedroom apartment at 600 West 163rd Street; Nathan and Anna had the bedroom, while Alan and Rose slept in what had been built as the dining room. It was a modest accommodation for four people, but it seemed a reasonable lot—better than the crowded tenements of the Lower East Side, where other immigrants lived, and not bad given that the country was in the grip of the Depression.[4] The Goldsmiths lived on the west side of Broadway, the dividing line that separated the salubrious part of the neighborhood from the rough-and-tumble east.[5] "The . . . gentility of the neighborhood . . . along with the style of the buildings, the parks nearby, and the cool breeze from the Hudson in the evening carried vague reminders of the bourgeois sections of German cities," a contemporary wrote.[6] German immigrants flocked to Washington Heights in such numbers that the area was sometimes known as Frankfurt on the Hudson.

To Nathan and Anna, born in Russia, driven to migrate to Hungary and then from Hungary to America, life in New York must have seemed a blessing almost divine—they had boarded their grandson's imaginary train, and after much adventure had arrived safely. As for Rose, born in Hungary though now as American as baseball, there was much to celebrate, too. She had a steady job as a salesperson at the Ludwig-

Baumann furniture store in the Bronx, which paid enough to meet the rent of $48 each month, keep food on the table, and even spare Alan a quarter a week for pocket money.[7] Besides, she was happy to be living just half a block away from her sister, the well-to-do Mary. In summer Alan would stay with Mary at her vacation house close to Rockaway Beach, on the near end of Long Island. Alan and his cousin Wesley would spend hours walking the sands with their heads down, searching doggedly for lost coins. Then they would spend the fruits of their labor on candy.

Rose's greatest blessing was young Alan himself, born on March 6, 1926, the product of her brief marriage to Herbert Greenspan. The boy naturally expanded to fill the gaps in Rose's life—the husband who had left when their son was still small, the absence of other children. Each morning her young hero with his perfectly even features and broad smile would soldier off to the P.S. 169 elementary school on Audubon Avenue, and each afternoon he would return with extraordinary things. From very early on, he could add large numbers in his head, and seemed even to enjoy it. Rose trotted him out in front of aunts and uncles to perform. "Alan, what's thirty-five plus ninety-two?" she would ask. "A hundred and twenty-seven," came back the answer.[8]

A few years after he turned addition into a performance art, Alan developed a passion for baseball, and it was hard to say what thrilled him more: the excitement of listening to the radio commentary of the 1936 World Series or the discovery of a world that could be reduced to the statistics and symbols of a prodigious ten-year-old's devising. The statistics were straightforward, but pleasing all the same: a player who got a hit on three out of eleven appearances had a batting average of .273; one who succeeded five out of thirteen times had an average of .385; it was thanks to baseball that Alan memorized the conversion tables for fractions into decimals. But the symbols were where the creativity came in. Alan invented a notation that allowed him to track each play of the big games. If a player hit a ground ball, he would inscribe a careful *x* on his green scoring sheet. If the player hit a line drive, he would enter an ellipse; a circle with an *x* through it meant a high fly, and an α meant a deep hit into the outfield. Each fielder's position was assigned a number that could be combined with the symbols to create a precise record of the play: for example, an ellipse next to an 11 meant a line drive to right center field. Reflecting on his childhood some seventy-five years later, Alan remained convinced that his system was better than anything that even the newspaper writers had invented.[9] Rose, no doubt, had agreed with him.

Alan was too young to remember his father's departure, but the separation affected him deeply. To be a single child can be character forming. To be the single child of a single mother can be overwhelming. It has been said that Franklin Delano Roosevelt, the statesman who loomed over the America of Alan's youth, drew his confidence and ambition from his widowed mother's unrelenting attention: he was the work of her life, her monument.[10] Fortunately for Alan, his mother was far less controlling than the imposing Sara Roosevelt, who thought nothing of installing her married son in a town house adjoining hers, then cutting a door from her large bedroom through her daughter-in-law's much smaller one in order to gain access to Franklin's quarters. But though Rose was mild by comparison, her son was nonetheless the sole outlet for her