

Another financial crisis inevitable: Greenspan

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LONDON (Reuters) - Another global financial crisis is inevitable because human nature always reverts to "speculative excesses" during a period of sustained prosperity, former U.S. Federal Reserve Chairman Alan Greenspan said.

"The crisis will happen again but it will be different," he told BBC Two's "The Love of Money" television series.

"That is the unquenchable capability of human beings when confronted with long periods of prosperity to presume that that will continue," he said.

Greenspan, speaking to the BBC to mark the first anniversary of the fall of U.S. investment bank Lehman Brothers, said Britain will be hit worse than the U.S. by the subsequent worldwide financial crisis and global recession because it has a globally-focused economy.

Countries, smarting from the near collapse of the banking system, will struggle to match their stated desire for increased regulation with their other stated need for free global trade.

Greenspan stepped down as Fed chairman in 2006 after 18 years at the helm during which he presided over the longest uninterrupted period of economic growth in modern U.S. history from 1991 to 2001.

But his record has recently come under harsher scrutiny, with some economic watchers noting it was during Greenspan's tenure at the Fed that the seeds were sown for the housing and easy credit bubble that contributed to the financial crisis.

Greenspan, who has defended his record repeatedly, said financial crises are all different, but they have one fundamental source.

"They human beings begin to take speculative excesses with the consequences that have dotted the history of the globe basically since the beginning of the 18th and 19th century," he said.

"It's human nature: unless somebody can find a way to change human nature we will have another crisis."

(Reporting by Avril Ormsby; Editing by Chris Pizzey)

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