

## Editorial

### *Greenspan Spills the Beans*

In the midst of a generally unintelligible (as usual) presentation to the House of Representatives' Budget Committee on March 2, Federal Reserve Chairman Alan Greenspan put out an unmistakable message. First, he made a demand for cutting back Federal entitlements, both in health care and Social Security.

"I fear that we may have already committed more physical resources to the baby-boom generation in its retirement years, than our economy has capacity to deliver," the oracle said. "If existing promises need to be changed, those changes should be made sooner rather than later. We owe future retirees as much time as possible to adjust their plans for work, saving, and retirement saving."

Translation: We're going to cut benefits, so get used to it.

Second, Greenspan stated that his "solution" to economic shortfalls requires raising national savings, and that one of the best ways to accomplish that is to have a "retirement system with a significant personal accounts component."

Translation: Bush should go ahead with Social Security privatization, and grab the loot.

The combination is precisely what we at *EIR* have warned about: a brutal austerity program which will loot resources from the physical economy, especially personal consumption, but also necessary infrastructure and capital investment, à la Hitler's financial minister, Hjalmar Schacht. No more fooling around about how the privatization plan is going make you rich. This is about cutbacks, and money to Wall Street, Greenspan showed, and *right now*.

This is not a new outlook for Greenspan, although perhaps its clarity is greater than usual. What was new was the prominent Democratic response.

"Greenspan is the biggest political hack we have here in Washington," said U.S. Sen. Harry Reid on CNN's "Inside Politics" on March 3. What Federal Reserve Chairman Alan Greenspan should be telling the President, said Reid, is that the problem is the debt his Administration created. Reid's aide added that Greenspan is "shilling for the President with proposals that would put us deeper in debt."

How refreshing! How often have we seen leading Democrats virtually bow and scrape in front of the

Chairman of the Federal Reserve, as if he were some kind of demigod. Just a week or so ago, Congressmen had bent over backwards to try to get Greenspan to "agree with himself," when he was on the "Greenspan Commission" back in the 1980s, and to oppose Social Security privatization. When the Chairman made it clear he supported private accounts, the Congressmen responded with the equivalent of a whimper.

Senator Reid's willingness to smash Greenspan for his endorsement of Bush's plan is a welcome change. It's about time Congress reasserted its authority, and reality, on the issue of the economy, as well as other areas of policy, and the sacred cow that should be toppled first, is Alan Greenspan.

Of course, it's not really the case that Greenspan is carrying the can for President Bush, who hardly knows what he is going to say from one moment to the next. Greenspan, like his longtime colleague and would-be modern Schacht, George Shultz, is part of the bankers' cabal which has devised Social Security privatization, as a means of trying to bail out their bankrupt financial system. The bankers are the ones telling Bush what to do, not vice versa.

But no one should be confused enough to think that that means the bankers are competent. These are the monetarists—the monetary cultists—who, with the initiation of the floating exchange rate system, have drive the U.S. and world economy into the ground over the last 30 years. Their measures have brought the financial system to the edge of blowout, and they are determined now to try to save it, with the same measures that the bankers behind Hitler did in the 1930s. Either their fascist objectives are identified, and their political minions are stopped, or the world is headed for disaster.

It is likely that Senator Reid knows this, but now it must be said openly, as economist and leading Democrat Lyndon LaRouche has insisted: The U.S. Congress will fight to save the *people*, not the banks. Greenspan's "wisdom" has already destroyed the lives of millions, by fostering speculation, globalization, and the dismantling of programs for the general welfare. Put Greenspan's advice in the garbage where it belongs. We the people, must take up the FDR-style policies that will save the nation.