

Editorial

Alan Greenspan and his useful fool

U.S. government response to the serious Internet stock crash of April 10-14, was nothing but the Weimar Germany 1921-23 reflex: Throw up a wall of money, print a veritable Niagara Falls of money, to pump the markets back up again—perhaps for the last time. The trick can only be repeated a few times, before it blows out the world economy in a gale-storm of hyperinflation, as in Weimar Germany in 1923. At that time, German hyperinflation accelerated through the Spring and Summer of 1923. By October-November, the money-printing presses could no longer keep up with the rate of inflation, and Germany's economic heart stopped.

Such runaway hyperinflation is by far the most destructive form of financial blowout, as the scarred memories of even today's Germans attest. Although it did not actually cause Adolf Hitler or the Nazi rule as such, it is no coincidence that it was in the 1923 crisis that Hitler's movement first rose to prominence. Had there been no such 1923 crisis, he would never have taken power. The difference between today and 1923, will be that this time, it will be a worldwide phenomenon, so that there will be no possibility of a rescue from outside, as the U.S. rescued Germany with the Dawes plan—unless perhaps some Martians land on Earth to rescue us.

To put it politely, Al Gore supporter, Treasury Secretary Lawrence Summers is no genius. He has memorized a few tricks which seemed to work before. He has no creative approach, no solution, but instead he repeats his tricks over and over, hoping they'll work again, one more time. This time, his tricks doomed the Presidential campaign of pre-candidate Gore, whom Summers supports, because so many of Gore's supporters among the suburbanite top 20% of family income-brackets—those who had thrown everything they could borrow into Gore's "information society" fad, and thought they were getting rich—were taken to the cleaners.

Summers played the "useful fool" for Federal Reserve Chairman Alan Greenspan, who functions as the CEO of "Vultures, Inc." Remember, that this is the Greenspan who was earlier the personal aide to vulture-humanoid Ayn Rand. Greenspan took the Internet stock crash, which had to happen anyway, and used

it to fleece credulous suburbanite types in the millions, wiping them out financially for the benefit of his banker and broker friends. Brokers grabbed the stock portfolios of Gore's supporters in margin calls, and were then given enormous low-interest loans by Greenspan and Summers' "Plunge Protection Committee," to buy these stocks for themselves at a huge discount. They'll hold onto the good ones, while finding a way to sell the stocks of the 75% of the Internet companies which are doomed to bankruptcy, to some old or new group of suckers.

That's not the end of it. As the mortgages are foreclosed on the same poor suckers, the same vultures are taking over the real estate.

This was a mass rip-off reminiscent of the rape of the U.S. family farm since 1977, or of the Garn-St Germain Act of 1982, which handed over every savings and loan bank in the United States to be eaten by the same vultures, to the point that the once-thriving savings and loans sector no longer exists in the United States.

What's the scale of the looting this time? *New York Times* business journalist Louis Uchitelle wrote on April 20, that from early January through April 14, "sell-offs have destroyed an estimated \$2 to \$3 trillion" in assets, including \$1.5 trillion in assets of households. Uchitelle noted that if this \$1.5 trillion is divided over the one-half of the U.S. population that owns stocks, it averages \$12,000 per person. Now, his figure may not be the true one, and such averages have little meaning in any case. But a more meaningful number would be the average impact per household, among the top 20% of income brackets, who own most of the stock. If Uchitelle's \$1.5 trillion is close to the mark, that average would be closer to \$60,000 per household.

And these household generally don't have any savings. They were already deep in debt.

Even before April 10-14, there were strong, behind-the-scenes moves in the Democratic Party, to reopen the nominating process, in order to substitute a viable candidate for Al Gore. Now, any illusion of Gore's electability has been shattered, while there is still enough time to bring in Lyndon LaRouche as the nominee.