

Alan Greenspan: A Minority Report on the New Fed Chairman

By Murray N. Rothbard

The press is resounding with acclaim for the accession to Power of Alan Greenspan as chairman of the Fed; economists from right, left, and center weigh in with hosannas for Alan's greatness, acumen, and unparalleled insights into the "numbers." The only reservation seems to be that Alan might not enjoy the enormous power and reverence accorded to his predecessor, for he does not have the height of a basketball player, is not bald, and does not smoke imposing cigars.

The astute observer might feel that anyone accorded such unanimous applause from the Establishment couldn't be all good, and in this case he would be right on the mark. I knew Alan thirty years ago, and have followed his career with interest ever since.

I found particularly remarkable the recent statements in the press that Greenspan's economic consulting firm of Townsend-Greenspan might go under, because it turns out that what the firm *really* sells is not its econometric forecasting models, or its famous numbers, but Greenspan himself, and his gift for saying absolutely nothing at great length and in rococo syntax with no clearcut position of any kind.

As to his eminence as a forecaster, he ruefully admitted that a pension-fund managing firm he founded a few years ago just folded for lack of ability to apply the forecasting where it counted—when investment funds were on the line.

Greenspan's real qualification is that he can be trusted never to rock the establishment's boat. He has long positioned himself in the very middle of the economic spectrum. He is, like most other long-time Republican economists, a conservative Keynesian, which in these days is almost indistinguishable from the liberal Keynesians in the Democratic camp. In fact, his views are virtually the same as Paul Volcker, also a conservative Keynesian. Which means that he wants moderate deficits and tax increases, and will loudly worry about inflation as he pours on increases in the money supply.

There is one thing, however, that makes Greenspan unique, and that sets him off from his Establishment buddies. And that is that he is a follower of Ayn Rand, and therefore "philosophically" believes in laissez-faire and even the gold standard. But as the *New York Times* and other important media hastened to assure us, Alan only believes in laissez-faire "on the high philosophical level." In

practice, in the policies he advocates, he is a centrist like everyone else because he is a "pragmatist."

As an alleged "laissez-faire pragmatist," at no time in his prominent twenty-year career in politics has he ever advocated anything that even remotely smacks of laissez-faire, or even any approach toward it. For Greenspan, laissez-faire is not a lodestar, a standard, and a guide by which to set one's course; instead, it is simply a curiosity kept in the closet, totally divorced from his concrete policy conclusions.

Thus, Greenspan is only in favor of the gold standard if all conditions are right: if the budget is balanced, trade is free, inflation is licked, everyone has the right philosophy, etc. In the same way, he might say he only favors free trade if all conditions are right: if the budget is balanced, unions are weak, we have a gold standard, the right philosophy, etc. In short, never are one's "high philosophical principles" applied to one's actions. It becomes almost piquant for the Establishment to have this man in its camp.

Over the years, Greenspan has, for example, supported President Ford's imbecilic Whip Inflation Now buttons when he was Chairman of the Council of Economic Advisers. Much worse is the fact that this "high philosophic" adherent of laissez-faire saved the racketeering Social Security program in 1982, just when the general public began to realize that the program was bankrupt and there was a good chance of finally slaughtering this great sacred cow of American politics. Greenspan stepped in as head of a "bipartisan" (i.e. conservative and liberal centrists) Social Security Commission, and "saved" the system from bankruptcy by slapping on higher Social Security taxes.

Alan is a long-time member of the famed Trilateral Commission, the Rockefeller-dominated pinnacle of the financial-political power elite in this country. And as he assumes his post as head of the Fed, he leaves his honored place on the board of directors of J.R Morgan & Co. and Morgan Guaranty Trust. Yes, the Establishment has good reason to sleep soundly with Greenspan at our monetary helm. And as icing on the cake, they know that Greenspan's "philosophical" Randianism will undoubtedly fool many free market advocates into thinking that a champion of their cause now perches high in the seats of power.