

How Alan Greenspan, the Wicked Witch Of the West, Vanished Down the Well

by Lyndon H. LaRouche, Jr.

This statement was released on Jan. 1, two days before Greenspan lowered interest rates by half a percentage point.

For most Americans, the vanishing of Alan Greenspan, precisely at the moment that President-elect George Bush needed him the least, will contain, perhaps forever, a certain element of mystery. Those who should know, either do not know, or would not wish to know. It is not that there should have been any actual mystery about the affair. The departed Fed Chairman, once famed as the Rumpelstiltskin of Wall Street, was, intellectually, an essentially simple, if morally complicated man, whose true-life tragedy could have been made readily clear on the Classical stage, were it not that Greenspan was such a disgusting specimen personally, that no professional dramatist has been willing, so far, to touch that subject, hide nor hair.

Women writers, for example, have turned the subject down instantly, snarling “Eckkk!” while spinning their wrist as if to shake something unusually repulsive and sticky from their fingertips. Scholars have added, that Greenspan occupies an even more disgusting place in the pits of modern European history’s past, than that repulsive old lecher whom the composer Felix Mendelssohn quietly identified for an exasperated young lady at his table, “the man seated next to you, is the famous philosopher Hegel.” The vanishing of the Fed Chairman left behind the impression of his having been extraordinarily unpalatable in every sense of the term.

From as much as we do know presently, we should call his disappearance a case of “The Rumpelstiltskin Principle” in history. He, having built himself up into a towering state of rage, with one final, hard stamp of his foot, vanished suddenly, as if he were being pulled down by some terrible source of suction from somewhere far, far below. Those witnessing the event, preferred to walk away quietly, pretending that they had neither seen, heard, nor smelled anything that happened that afternoon; otherwise, there should have been no continuing air of mystery about the affair.

The crucial background was summed up, under cloak of anonymity, by one knowledgeable observer, as follows.

“The way to understand Alan Greenspan, is to take into

account his long relationship to Ayn Rand’s crowd. . . . He was the type of person who is never really all there. . . . Whether he actually considered himself some kind of all-powerful magician, would be hard to tell; whether he did or not, he made a profession of appearing to believe he was. That, in the end, proved to be his downfall. . . . No, I would not suggest that he was actually very clever. The key to understanding the way he operated, is to recognize that his essential motive was the perversity I have thought typical of any true follower of Miss Rand; his leading quality, was malice for the sake of being malicious. . . .

“You have to remember, that much of his fame was due to the fact that he came into the Chairmanship of the Fed as a second string for Paul Volcker. He never supplied any important ideas of his own; he simply followed his script. Obviously, he relished playing the part handed to him; some of us imagined him a dirty and smelly parody of the Marquis de Sade, who enjoyed tremendously lording it over everyone, relishing the pain his role allowed him to inflict on those who were helpless to resist the effects of his abuse of the powers conferred upon him. . . .

“From where I sat, I do not believe that he was controlled by any real-world goal, at least, not in the sense of following some rational objective. I saw him as like an addicted gambler, for whom staying in the game is everything; when the game went out of business, there was simply no sense of purpose left within him. When it finally happened, I thought I could understand why a man like that would disappear the way he did; when his fantasy evaporated, so did he.”

All the evidence available indicates that the truth of the matter lies in that general direction. Whatever might have happened to the Fed Chairman on that particular day, is not important in itself. What is important about the case, involves some little understood, but presently extremely important lessons in statecraft, lessons which even Greenspan’s survivors have not yet learned, as they must, if they are not to end up pretty much as he did before them.

Look at it all as a Classical tragedy, requiring both the best quality of composition, and also, admittedly, the worst taste in choice of leading character, to be presented on stage. Think

of Chairman Greenspan as such a character on that stage. As distasteful a personality as he may have been, like Shakespeare's true-to-life tale of England's bestial King Richard III, the point of the drama is a tale which must now be told.

How The Stage Works

Look at the Classical stage, whether that of ancient Greece, the Greco-Roman ruin at Sicily's Taormina, Shakespeare's stage, the operas of Mozart, Beethoven, and Verdi, or the stage of Friedrich Schiller's tragedies. How is it possible to present a story, within such seemingly artificial confines as such a stage affords, which tells the truth about history with that combined profundity and economy of space and time, which, as Friedrich Schiller insisted, only the Classical stage can accomplish? What has life to learn from the Classical stage, especially from Classical tragedy?

The secret of all truly great theater is to be found in Plato's dialogues. The pivot on which to turn, to understand the way in which reality is brought to life on stage, is the allegory of Plato's Cave. That is to emphasize Plato's point, that the world as assumed to be what mere sense-impressions seem to represent it, is not the real world, but, rather, the shadows which the real world casts upon sense-certainty.

Thus, when real-world history is put on the Classical stage, two, comparable, reflected images of the same reality, are projected upon our senses. One is the world shown to us by our senses, as existing outside the theater; a second world, also presented to the senses, appears on stage. Both worlds, being assumed to represent the same reality, are each but shadow-worlds, seen as if as shadows projected upon the wall of a cave.

So, what defines a Classical tragedian, or a Classical repertory company of performers, as exhibiting genius, is the capacity to project on the shadow-world of the stage, that same essence of unseen reality otherwise to be seen as lurking behind the shadow-world of sense-experiences occurring outside the theater. When the two sense-worlds, are thus brought into conformity, as shadows, on a common subject with a single, unseen, but known and felt reality, we are confronted by the sharing of artistic genius between the playwright and the players. So, Shakespeare's tragedies; so, the presentation of the essence of real history, on Schiller's stage.

So, Shakespeare's player, assuming the part of Chorus,

introduces *Henry V* as precisely such a conformal mapping of the external world's sense-experience to that of the Classical stage. So, we have the "play within the play," in Shakespeare's *Hamlet*. The ability to achieve such an agreement, in the reality of the audience's mind, a reality lying between the events encapsulated on stage, and those events for which appearances on stage are surrogate, requires achievement of artistic truthfulness, as Plato's dialogue defines a principle of truth.

Think thus of an unseen reality, an *idea*. Let us now interrupt our account of the principle of Classical theater, for a moment, to be reasonably certain that the reader recognizes what is meant by that use of the term *idea*. What is to be recognized, as the quality of *idea* which corresponds, not to a mere fiction, mere theater, but to an *unseen reality*?

Take as an example of such an *idea*, the universal physical principle of *gravitation*. One can not *see* gravitation, but only its *effects* upon the shadow-world of our senses. The Classical example, to which my associates and I have made relatively most frequent reference, is the example of Johannes Kepler's detailing of his original discovery of the universal principle of gravitation, in his *The New Astronomy*.

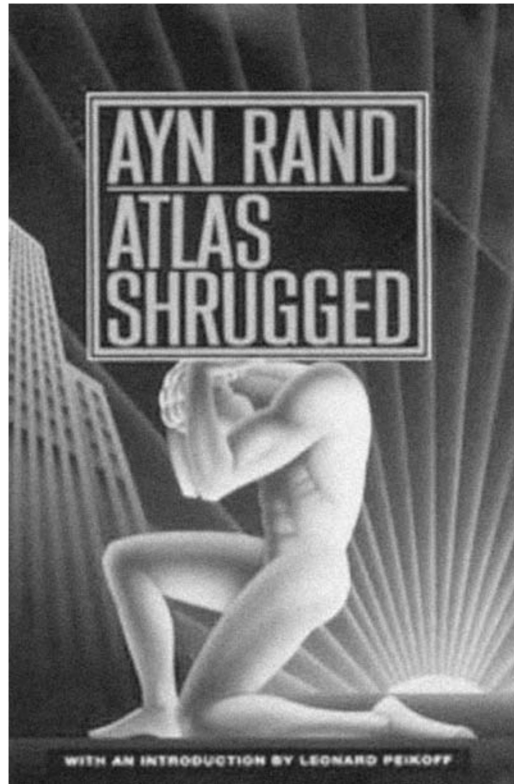
The way in which Kepler discovered this universal principle, began with his recognition that the orbit of Mars was not an orbit of constant curvature, but of *constantly changing* curvature. Kepler had, then, to discover what mere so-called "mathematical modelling" could never show: what efficient principle would cause a planet to

follow such a pathway exactly, from one moment to the next? Gravitation, so originally discovered by Kepler, in that published location, is an adequate example of what is to be understood as something which is both a universal physical principle, but also an efficient reality which can not itself be detected *directly* by the senses.

Thus, those effects of gravitation, which can be experienced by our senses, are the shadows which reality casts upon the imaginary world of our senses, like the shadows which reality casts upon the wall of a firelit cave.

All important ideas, as Plato defines ideas through the many demonstrations supplied in his dialogues, are of the same quality as Kepler's discovery of a universal physical principle of gravitation. This includes Classical forms of artistic ideas, as much as the ideas associated with experimentally





Greenspan, like his mentor Ayn Rand, is "the type of person who is never really all there."

validatable universal physical principles.

Such use of the term *idea*, signifies a principle which can generate its shadowed effects in a universal way. To illustrate that point, imagine an object you can not see directly, but only as the shadow it casts. Now, using different sources of light, generate shadows of that object on different kinds of surfaces. If it can be shown that all those different shadows, although projected on difference kinds of surfaces, in different ways, can be shown as corresponding to the same object they reflect, we may conclude that our mental image of that unseen object, is probably an image of the same real, but unseeable object, in all the various relevant cases. Such is the experimental notion of universality. Such are the elementary principles of practice of all valid endeavors in experimental physical science.

The projection of this reality, in the shadow-form of sense-perception, in one case, gives us the actual experience to which the stage makes reference. The same reality, is also projected in the form presented to the senses on stage. The functional conformity of the adumbrated reality of the subject presented on stage, to the adumbrated same reality presented as the relevant sense-experience of the actual events referenced, represents the achievement of a condition of artistic truthfulness, no mere fiction.

The projection on the sense-world of the theater, and the projection on the sense-world outside the theater, are of the

same object; in this case, not an object of the senses, but of an *idea*, that in the same sense that gravitation is an *idea*.

The achievement of such truthfulness in that medium, is among the most convenient ways of coming to an understanding of the way in which an embodiment of consummate untruthfulness, such as the vanishing of Mr. Greenspan, was brought about in the course of those very events in which he had tarried, in a bit-player's role on history's stage, as Federal Reserve Chairman.

Now, if we attempt to put the Mr. Greenspan of our mystery-story on the Classical stage, any of us, filling in with our temporary role as a Classical playwright, have two primary projections to consider. What are the effects of Greenspan's actions on the world portrayed, as reflected, to the audience from that stage, and what were the effects of the events, merely reflected on stage, upon the real-life existence of Mr. Greenspan? Where lies the equivalence, the reality behind the shadows, of the two opposite sets of apparent developments?

This proposition compels us to introduce another consideration at this point. We must define a *principle of action* governing the way in which each of the two indicated, opposing qualities of effects are reflected upon the stage.

What Is Dramatic Action?

On the Classical stage, such as that of Shakespeare, characteristic action of the drama is *never* typified by a fist pound-

ing on a face. Action always signifies a development akin in quality to Kepler's discovery of a physical principle of universal gravitation. In the Classical theater, the quality of *action* has the same form as validatable discoveries of universal physical principle, but that in a different quality of immediate content and effect.

Here sense-certainty falls by the wayside. This is a quality of action, a quality of reality, which is exhibited solely by one species, the mind of the individual human being. This is a higher quality of action than is known to the beasts, although with effects experienced by them, but actually knowable only to human nature.

The discovery of a validatable universal physical principle, so generated within the bounds of the sovereign powers of the individual human mind, is the characteristic type of all significant actions by either individual persons, or by entire societies. This form of action includes not only what are to be recognized as universal physical principles, but also as universal principles of the form of Classical artistic composition. The first, physical principles, pertain to man's relationship to nature; the second, Classical artistic principles, pertain to the efficient form of the relationships among the minds of persons. It is through the latter, that society is enabled to cooperate in successful expression of the former.

This brings us to the branch of science best suited for treating phenomena of such specificity as the curious departure of Mr. Greenspan. This is the branch in which I am presently the world's leading authority, the science of physical economy, a technical authority which requires my improvised role as playwright, on this occasion.

Before my original discoveries in this field, it was known among all qualified in physical science and closely related matters, that the only means by which a real, as distinct from merely fictitious profit, can be generated by an economy considered as a whole, is through the transformation of the mode of production through application of valid discoveries of universal physical principles. My unique authority, in this respect, is that of situating the role of universal principles of Classical artistic composition, as co-essential for generating a non-fictitious profit in a national or world economy as a whole.¹

The introduction of those combined principles signifies, that if we intend to establish and maintain a durably healthy

1. For purposes of reference, reality is to be represented in terms of the multiply-connected manifold of three sets of universal physical principles: 1.) Ordinary universal physical principles, as we associate those with non-living processes; 2.) The efficient physical principle of life as such, which is not locatable within ordinary non-living processes as such; and, 3.) The efficient physical principle represented by the cognitive powers of the sovereign individual human mind. Each and all of these are universal physical principles, since they act efficiently to change the universe considered as a whole. The model for such a system of principle, is Riemannian: a multiply-connected manifold of such principles.

economy, we are not to be permitted to impose arbitrary rules of behavior upon society, but only rules which are coherent with scientific knowledge of the way in which universal physical principles and universal Classical-artistic principles must be combined in effect, if a durable sort of physical-economic growth is to be achieved.

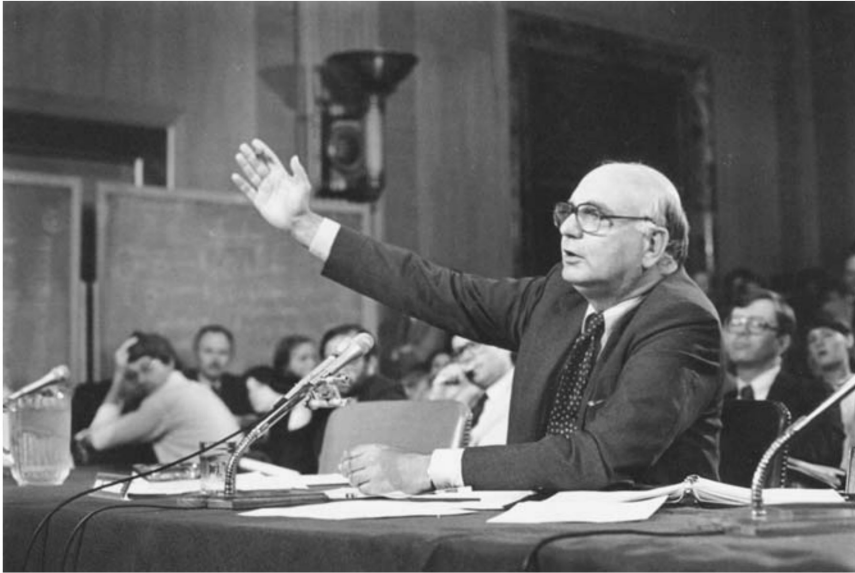
It happens that the only form of economy ever achieved, which met even a minimum degree of that rational standard of behavior, is the economy of that form of modern sovereign nation-state first introduced to humanity by the Fifteenth-Century, Italy-pivotted Renaissance. Of all types of economy produced by such forms of the modern sovereign nation-state, the best model is that of the U.S. economy of 1861-1876, as set into motion under the leadership of both Henry C. Carey and President Abraham Lincoln. What Treasury Secretary Alexander Hamilton, the Careys, and Friedrich List, defined as the highly protectionist, well-regulated, American System of political-economy, is, by far, the best performer of all economies known in human existence.

Unfortunately, because of a combination of hateful foreign interventions, chiefly from the British monarchy, and from treasonous forces of Wall Street and the slaveholder interest within, that American System has been followed in national practice, even in the U.S.A, itself, only during certain relatively exceptional, scattered periods of never more than a few decades in duration. Nonetheless, during those latter periods, our nation's economy with a spectacular brilliance never matched by any other nation, as this specifically American economic genius, was revived during 1933-1945 under President Franklin Roosevelt.

Most notably, as in the examination of the Greenspan case, during the recent thirty-five years, since approximately the time of the introduction of the so-called Republican Southern Strategy of Richard Nixon, and the adoption of the same strategy under President Jimmy Carter, the U.S. economy has been ruined to a relative degree unmatched during any previous period. Federal Reserve Chairman Greenspan and his predecessor, Paul Volcker, reflecting the anti-American ideology of the Southern Strategy, have represented the essence of that wild-eyed, monetarist policy of practice which has not only ruined our nation, but has carried the world as a whole to the verge of the first genuinely global economic-breakdown crisis in modern European history, the first such threat since the 1648 Treaty of Westphalia ended nearly a century and a half of religious warfare in Europe.

It is this presently onrushing threat, not of a mere economic depression, but a global economic-breakdown crisis, which brought matters to the point that Mr. Greenspan's fantasy came to its close, and, apparently, him with it.

This self-destruction of the U.S. economy, has been the inevitable consequence of revolutionary down-shifts in not only U.S. policy, but the way of thinking about policy-making, during, most notably, the recent thirty-five years. The



Greenspan's predecessor as Federal Reserve chairman, Paul Volcker, at Senate hearings in 1981. Volcker and Greenspan have represented the essence of that wild-eyed, monetarist policy of practice which has ruined our nation.

toleration of Mr. Greenspan's selection, and re-selection, as Federal Reserve Chairman, and his occupancy of the position during the recent more than a dozen years, were only possible in the degree that his lunacy was more or less congruent with that prevalent in leading financier and political circles as well.

Those points taken into account, what is the form of action, to be set afoot on the Classical stage, by means of which a modern nation-state economy is elevated to prosperity, or plunged into self-imposed ruin?

That notion of action, is best introduced to the attentions of laymen, by pointing to what used to be called "a commitment to progress." In rational circles, the notion of a "principle of progress," was never defined by anyone's arbitrary opinion respecting what might be a desirable effect, or not. In all rational uses of that term, the standard of measure of progress was essentially a physical standard. It was to be measured in growth of the population, as conditioned by the requirement of a correlated improvement of the demographic characteristics of households generally, and an increase in man's power in and over nature, as measurable in physical terms, per capita, and per square kilometer.

Once those physical standards of measurement of performance were recognized, first and foremost, we were then enabled to discuss rationally the nature of the means in social policies, such as education, regulation of economic and financial affairs, and so on, which were an essential basis for the improvements in physical performance and the benefits of that performance.

During the recent period of approximately thirty-five years to date, under the impact of such characteristic lunacies

of the so-called Southern Strategy, as the utopian fantasies of the Nashville Agrarians, the Agrarians' intrinsically pro-racist, unreconstructed love for the fallen Confederacy's way of life, sought to define cozy village forms of living, in which the materialism of the hated Yankee form of agro-industrial technological progress could be brought to an end. During the recent thirty-five years, under the increasing influence of the pro-racist Southern Strategy, the controlling leadership circles of both the Republican and Democratic parties and the National Endowment for Democracy (NED), have placed increasing emphasis on terminating the impact of scientific and technological progress in production and infrastructure, in favor of Agrarian and kindred utopian goals, such as the lunatic cult of what became known variously as "The Third Wave," "cybernation," "systems analysis," and "information economy."

This recent thirty-five years, radical reversal of the American patriotic tradition in economy, has been associated with the same methods by which the world's then most powerful and advanced economy, that of Eighteenth-Century France, was ruined, under so-called "free trade" doctrines, over the interval 1782-1789. Instead of investment in development of the productive skills of the population, of the quality of basic economic infrastructure, and of capital-intensive investment in scientific and technological improvements in the average physical productive powers of labor, wildly utopian fads in "information society" and unbridled monetarism took over, and ruined, more and more, what had been, at the start, the world's most powerful, most rapidly progressing national economy.

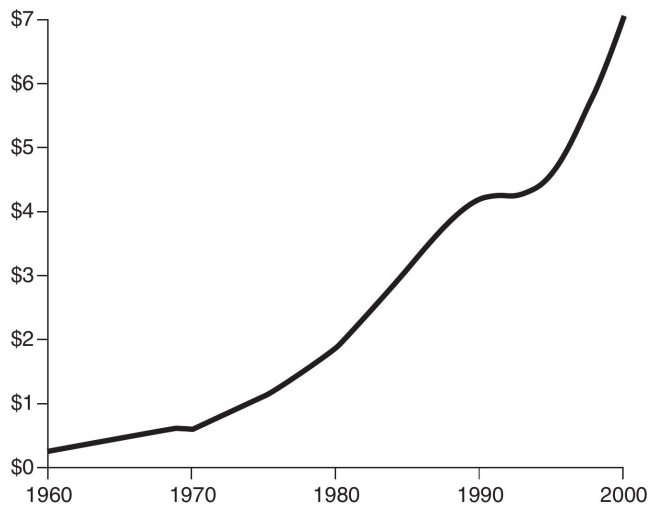
This downward turn in national policy-shaping, accomplished, chiefly, during the recent thirty-five years of the rise of the Southern Strategy, represents a reversal of the principle of action characteristic of our nation prior to the mid-1960s, to bring about the long-term ruin which has been the characteristic political and related action of the decades since. The greatest calamities to this effect, have been embodied in the Nixon and Carter administrations' deliberate ruin of our nation.

The fact that approximately thirty-five years have been required, to degrade our nation to its presently desperate state of affairs, does not permit us to seek the cause of present economic maladies in something which occurred only recently, as, for example, only with the Bush and Clinton administrations. Former President George Bush's administration merely carried forward the next step in an onrushing evolution

FIGURE 1

Chairman Greenspan's Money Supply

(M3 money supply, monthly, trillions \$)



of national policy dating from the mid-1960s. The heavily beleaguered Clinton administration, faced with a continuous, murderous neo-Jacobin insurrection from the radical right forces within the U.S. Congress and the Republican Party, either lacked the will to reverse these trends, or did not perceive itself able to change the direction from that set by preceding Presidencies and Congresses.

In this circumstance, we can not cure our nation's peril by seeking out this or that particular set of individual scapegoats. Most citizens, especially the majority, have been guilty in participating in the promotion of those downward-seeking trends in policy-shaping, away from what used to be the imperative of progress, to the utopian fantasies which rule and ruin our nation today.

It is that change in direction, from progress to the "new age" utopianism typified by the Nashville Agrarians, which has been the form of continuing action by which our nation has been destroying itself during a period of not less than about thirty-five years. That is the action to be seen reflected on stage, and in life outside the theater, too.

What Is Human?

For the Classical dramatist, the utility of the case of Mr. Greenspan, would include the point that he is intrinsically such a repulsive personality. To make the point more concrete; he exhibits a lack of that quality, called in the Classical Greek of Plato and the *New Testament*, *agapē*, which sets the human personality morally and intellectually, apart from, and above the baboons. This is no idle epithet; this is what he, as a long-standing, proud representative of the Ayn Rand cult,

professes himself to be: intrinsically asocial, anti-social man.

This was apparent to anyone who cared to think about the matter. The fact, that persons, of high and low political rank alike, could put on their sincerity-mask to offer their support for the Chairman's renomination, shows a streak of genuine depravity in our leading political class, like that of the ruling caste and rotten culture of doomed Babylon earlier.

In history, as in all great Classical tragedies composed for the stage, this kind of pervasive depravity among the leading institutions of a nation, a culture, when combined with the complicity of the culture's population at large, is the typical forewarning that that culture may have lost the moral fitness to continue to survive. We are at precisely such a point today. This is the reason Greenspan was foredoomed to leave the stage in the manner indicated.

It is not our deeds, as such, which doom us. The prospective doom lies not in what we think, but the way we think. This means: what standards do we use, to assess the relative morality, or immorality of the way in which we are thinking about mankind and ourselves alike? What do we mean, by "human"? What do we mean by "human rights"? What do we mean by "justice"? How do we define progress?

Those foregoing points of self-examination, and others like them, constitute the equivalent, in morality, of what definitions, axioms, and postulates signify in classroom geometry. It is not the statements we adopt, which destroy us. What destroys a culture, is the faulty axiomatic assumptions it accepts about defining the practical meaning of progress. It was the axioms adopted by Greenspan and his like, which have carried the United States, and perhaps the rest of the world, too, to the present brink of the greatest financial collapse in modern history, a planetary, general breakdown-crisis, which is now already in progress as these lines are written.

It is in the reality which appearances merely reflect, not the shadows reflected, that the solution to the mystery of the threatened doom of both Chairman Greenspan and our nation, may be found.

There are certain changes in policy, which, like the changes made by President Franklin Roosevelt, could save the U.S.A. even now. The danger lies, therefore, essentially in the prevailing present unwillingness, to mobilize our nation for the kinds of sudden, radical changes in policy which FDR would have done. Whatever excuse you make, to others, or to yourself, for failing to follow me in this course of action, your excuses can have no effect, but to doom the person and the society which continues to cling to them.

Thus, essentially, as God is good, there is essentially no mystery in the ruin of former Fed Chairman Greenspan. So, the Creator's laws suffice to purge humanity of those cultures, such as that typified by the Southern Strategy, which have lost, perhaps irreparably, the moral fitness to continue to survive.

Will you survive? As it is said, the ball is in your court.