

MY CROSS-EXAMINATION OF ALAN GREENSPAN

Every prosecuting columnist has his fantasy

Tribune syndicated column, March 17th, 2004

"GREENSPAN REVISES HIS POSITION ON THE DANGER OF BUDGET SHORTFALLS—Fed Chairman Now Cites Risk of Raising Taxes"
The New York Times, March 16

Prosecuting columnist (PC): Please state your name for the record.

AG: Alan Greenspan.

PG: And your position, please?

AG: Chairman of the Federal Reserve.

PC: Would it be fair to say, Mr. Greenspan, that your position arguably makes you the most powerful economic voice on the planet?

AG: Some might say that.

PC: Yes, it must impose an immense sense of responsibility. Now, Mr. Greenspan, you are aware that we are running record deficits in the neighborhood of \$500 billion dollars...

AG: Of course...

PC:...and that atop these current budget shortfalls, there are an estimated \$25 trillion in unfunded liabilities in Social Security and Medicare?

AG: Yes. These are major problems the nation needs to face.

PC: I see. Yet you have said we should not revisit President Bush's tax cuts mostly aimed at the wealthiest Americans in order to put our fiscal house in order. Indeed you argue that we should make those tax cuts permanent, in ways that would dig our fiscal hole deeper.

AG: I wouldn't put it that directly, but—

PC: But that's the gist?

AG: (looks at counsel)

PC: May I remind the witness that he is under oath?

AG: Yes, that's the gist.

PC: Your position, if I may decode the gobbledygook you've recently uttered before Congress, is that we should move toward budget sanity only by cutting or slowing the growth of planned government spending. Is that right?

AG: That's correct.

PC: Mr. Greenspan, do you recognize the data on this table I now hand you, which, with the court's permission, I shall mark, "The Only Exhibit You or Any of Us Need to Cut Through This Flimflam."

AG: Yes, it shows federal spending and federal revenue as a share of GDP - that is, as compared to the size of the economy.

PC: Precisely. Now, can you tell the court, Mr. Greenspan, on that table, what federal spending averaged as share of GDP under Presidents Reagan and Bush the Elder?

AG: Twenty-two percent.

PC: And President Bush plans to keep federal spending around what level in the years ahead?

AG: Just under 20 percent.

PC: For the record, Mr. Greenspan, is 20 less than, or greater than, 22?

AG counsel: Objection!

Court: Overruled. The witness will answer the question.

AG: Less than, but—

PC: And so President Bush is spending less relative to the size of the economy than did his father or Mr. Reagan. Now, will you please tell the court what revenue was as a share of GDP before the current Mr. Bush took office?

AG: About 20 percent.

PC: And this year?

AG: Just under 16 percent.

PC: Let the record also show that revenue under 16 percent of GDP is lower than at any time since 1950. That is, before Social Security was phased in for most seniors and before Medicare and Medicaid were even invented. Mr. Greenspan, aren't these programs that Republicans vote for and indeed expand every year, and which they have shown no inclination to trim in ways that would come close to restoring fiscal sanity?

AG: Yes, but—

PC: Isn't it therefore the height of irresponsibility - and conclusive proof of what can only be some secret malign agenda on your part, sir - for you to say this nation must hold revenue at levels below that which would support government activities that the vast majority of Americans support and that even conservatives vote for every day? All in order to give deep tax cuts to those who are already well-off, while doing nothing for the 44 million uninsured, or tens of millions of working families who live in poverty, or for the teacher crisis plaguing our poorest schools?

(To the court) Permission to treat the witness as hostile?

Court: Granted.

(PC punches Greenspan in the mouth. The chairman reels, wipes blood from lower lip, spits out a tooth.)

PC: Would the witness like to reconsider his position?

AG: (Inaudible mumbling)...Ayn Rand...

PC: I can't hear you, Mr. Greenspan, please speak up!

AG: (More mumbling)...Grover Norquist...

PC: The prosecution rests, your honor.