

Alan Greenspan's Mea Culpa: The Torments of Contrition

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I was stunned like many on hearing the news on the BBC at 22:00hrs on the 23 October that Greenspan had confessed in his lugubrious mea culpa to Congress that he was 'shocked in disbelief' by the sheer velocity and propagation of the demolition of the edifice of finance capitalism. His confession of contrition, whose transcript I have now read in its entirety, was not the act of a desperate shell-shocked shriveled creature that had seen the ravages wrought by his policies at the Federal Reserve, i.e. the central bank of the U S caste oligarchy. In those decades of public office, shuttling from Wall Street to Washington D C. as a transplant of Goldman Sachs, (the world's largest investment bank) , he had deployed his exalted tenure for the collective enrichment of his discredited caste of financial cronies. Not to be excluded was his massively successful individual accumulation.

It was not fortuitous that these spasms of contrition transpired at a moment when the worlds' stock markets , from New York to Tokyo , recorded triple digit declines . The rout of equity and commodity markets remains unstoppable. The despicable hedge funds in a state of disarray are selling (deleveraging is the ugly buzz word) every piece of office furniture they can grab to meet the payments of their lenders. Their paradisiacal days of short-selling and the carry-on trade and other unbridled speculative plunder of the big casino money machine have run into the mud. Even Federal backed government mortgages , hawked by blue-chip corporations, have joined the tumble; no banks, insurance companies, mutual and pension funds are immune from ruin; most of the quasi colonial so-called emergent markets are poised to default on their rocketing levels of debt; the scrambling of every rickety capitalist government to save its skin is on the top of the agenda.. In this cesspool of panic and collapse there is no haven for the bourgeois order to seek cover. Non-stop capital infusions (i.e. taxpayers money) by the manipulators of finance capital to the tune of trillions of dollars are impotent to resuscitate the semblance of a bygone era of normality. The dogmas and rotting institutional underpinnings of the bourgeois order that bamboozled many into believing that their creations were things of fixity and permanence have been irreversibly flung into the abyss of a deep black slump. What we are seeing in effect is the spectacle of the kingdom of swindledom run amuck.

Greenspan was the impresario of an El Dorado of incomparable pickings that would have made even Warren Hastings and the East India Company, and their subsequent emulators in occupied India, (that escalated into the mass genocide in the subsequent century) appear like a bunch of miserable petty pickpockets. A theme that I elaborated in my researches on *The Rise and Fall Economic Liberalism: The Making of the Economic Gulag*.

His mea culpa is an act of immense historical significance, yet in perspective it is nothing but a morsel of trivial apologetics. The criminal tale of his abject confessions of the system's

delirium tremens told us nothing that we had not known before. What was startling, however, was that this death rattle came from a stricken soul that could no longer coexist with his burden of guilt. What we have witnessed is the unfolding of the personal tragedy of a sordidly bankrupt and corrupt human being who sees the approaching finality of finance capitalism and its failures as the system meandered from upheaval to upheaval during his reign.

His confessions came at that propitious moment when the world stock markets without exception were wallowing in the excrement of the most ignoble economic collapse that our planet has ever seen, easily surpassing in its horrors and intensity that of 1929. Trillions of dollars were scrubbed from the world's panic stricken bourses in days and hours - a movement that shows no signs of abating . The revulsion that millions experienced on seeing this debacle on their television screens and reading the agonizing media headlines also demonstrated to the world that the savings and assets of tens of millions of working peoples - the creators of wealth - had been blatantly swindled at the throw of a gambler's toss.

Greenspan was the criminal prime mover that abetted the lethal rise and rise of derivative markets presently topping \$155 trillion dollars, almost four times the size of our planet's wealth. The criminality of his policies was matched by his intellectual impoverishment perceived in his tortured lingo that " the whole intellectual edifice collapsed in the summer of last year [August 2007] because the data inputted (sic)into the risk management models generally covered only the past two decades, a period of euphoria."

Stripped of its jargon this meant that sub-prime loans were chopped, diced and packaged into toxic mortgage-backed securities and other derivatives that were marketed at prodigious profits the world over. The trough was brimming. It was the grand extravaganza of capitalist internationalism. This gimcrack house of cards ignominiously crumbled as US borrowers defaulted on mortgage payments in droves, and as house prices slumped. Never mind that his utterance is ambiguous - markets thrive on ambiguity and double talk. Of which Greenspan is an unrivaled practitioner.

Note the conjuror's hand of this financial swindler; it is deemed an intellectual edifice. We are sedulously invited to believe that we are not dealing with the pitiless world of class power and exploitation. What transpired in the markets was all an immense error of the intellect. Capitalism's destructive convulsion generated by the juggernaut of capital itself is thus reduced to a crisis of the intellect. The swindlers that hawked these death-dealing derivatives do not really exist. It is a fantasy. All of this was nothing more than an intellectual shortfall. This brings us to the pivotal issue: capitalism is not an exploitative engine; there is nothing within it that is engineered to exploit any one. It transcends social classes. Competitive markets and the law of supply and demand ensure that there are neither winners or losers. Markets are thus the grand equalizers. Capitalism and the market forces through which it functions thus becomes the supreme expression of democratic choice ; its raison d'être is rooted in the infallible concatenation of social change. All that matters, as Greenspan teaches, is that we were misguided by the wrong models.. In sum, by the powers of intellect that were fleetingly irrational.

Listen again to this bit of sanctimonious babbling that reveals his propensity for the soothing nostrum of models. " I found a flaw in the model that I perceived is the critical functioning structure that defines how the world works. That's precisely the reason I was shocked...I still

do not fully understand why it happened, and obviously to the extent that I figure where it happened and why, I will change my views.” It would not be a waste of our time to remind him that his dogmas , like his persona, have already been torn to shreds. In much the same manner as the shattered fortunes of his political master in the White House he served so obsequiously.

No doubt by the choice of the appropriate model he means the selection of the sharpest butcher’s knife. To be sure, Greenspan’s cold blooded policies were deliberately designed to enrich a specific parasitical class, knowing full well that prices do not soar infinitely into the celestial spheres.; ultimately their descent is precipitous. The boom is metamorphosed into a bubble and the bubble implodes into a bust. The rich and the mega rich would not be affected by what he designates as the Tsunami.

The world’s biggest bubble had burst in August 2007. And its horrendous reverberations on the lives of millions who had been bulldozed out of their homes – the American Dream – were merely one facet of capital’s self-inflicted agony. His maudlin prattle unmasks, however, the extent of his impotence and indubitably, I daresay, the magnitude of the criminality of international capitalism in its period of irreversible putrescence. This is what Saramago, the combative Nobel prize laureate, no doubt means when he trenchantly said that the crash , and the ensuing economic and social holocaust that trailed in its wake, is one of the greatest crimes against humanity ever recorded.

It is well to let Greenspan, now wriggling in his state of apoplexy, babble on: “Those of us who have who looked to the self-interest of lending institutions to protect shareholder’s equity – myself especially – are now a state of shocked disbelief”. Why should he be shocked? He has lost nothing but his wretched illusions. His fortunes are unimpaired. His officially estimated net worth is \$15 billion , and presumably that does not include his treasure ensconced in Caribbean tax havens and of which he is one of its most ferocious protagonists. Those who are traumatized to the marrow are the workers in Pittsburg and Detroit and Cleveland and the nation’s industrial heartland now transmogrified into a toxic wasteland. On this misery is superimposed the outsourcing of millions of jobs.

During his stewardship the soaring inequalities that his caste and his policies spawned had surpassed those of the Gilded Age [1890-1914], and the abysmally corrupt regimes of Harding, Coolidge and Hoover in the twenties. As for his bellicose support for the \$3 trillion colonial war in Mesopotamia comment is superfluous. As the once sanctified apparatchik of world money and credit markets he framed monetary and fiscal policy that enriched the cronies of his irredeemably debased caste oligarchy. He did what his class interests dictated he should have done. In this respect, his ideology and his policies were flawlessly meshed.

Greenspan enshrined the reality and aspirational drives of the ruling caste oligarchy in The Fortune 500. He remains its prime exemplar. Capital must never be understood as an impersonal force; it is embedded in the complex workings of accumulation. Here was the divinity worshipped by the profiteers of the world’s money engines in every niche and cranny of big-moneyed finance the world over for decades; the paltriest of his pronouncements were sifted and scrutinized , as in the mutterings of the Delphic Oracle, for the rich offerings they were assumed to possess.

He incarnated the triumphalism of neo-liberalism,; he extolled the intoxicating magic of the market place, the glories of privatization, the Washington consensus, the conquests and ruthless pillage of foreign markets masquerading under the innocuous alibi of globalization

whose ultimate quest, as Greenspan sees it, is the pursuit of life, liberty and happiness. The American economy that he presided was dependent however on the world's savings. By its very nature this jerry-built structure proved ephemeral, jacked up by borrowed money and borrowed time.

The driving force of imperialism and the laws of its causality found no home in his desiccated ideological apparatus. He was at once a master of corporate capitalism that had amassed his fortune in Goldman Sachs subsequently catapulting his carcass to the highest reaches of the corporate Gulag's state apparatus where his thrust for personal enrichment sustained its remorseless strides. In his view, the goals of the public and private sectors could not be grasped as autonomous entities; they were interpenetrative and his ideological praxis confirmed it.

I shall say no more at this juncture but let me add, in conclusion, that we must be grateful for the trivia that he has bequeathed us. A sewer needs no advertisement and the personal class trajectory of his advance lucidly exemplifies this truth. His tearful contrition delivered in that Sanctum Sanctorum of capital's entrenched power has served to smash the foundations of the empire's ruling class economics, preached by such servile sycophants as Samuelson and his tribe of neo-liberals. His mumblings in the sanctuary of the caste oligarchy have undermined the institutional foundations of corporate capitalism and its works. His mea culpa was not part of this design. Yet irrespective of the forces that impelled him to perform his act of contrition we must render him our thanks infinite.

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He taught at the University of Kings College and Dalhousie University in Nova Scotia. His classic work is *The Rise and Fall of Economic Liberalism* and his latest book is: *Cuba and Venezuela: The Nemeses of Imperialism* published by Citizens International in Penang, Malaysia. He is a frequent contributor to *Le Monde Diplomatique* and *The Economic and Political Weekly*.

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