



## Taking Delight in Deception: Greenspan's "Purposeful Obfuscation"

This hype continued even though during his dozens of media appearances in September, the fabled "Maestro" of central banking made at least two damning confessions that should have sparked universal outrage and a torrent of condemning headlines and editorials. However, Greenspan's admissions seem to have caused nary a ripple of discontent in his sea of media admirers.



### Condoning Deception

In interviews on two high-profile television programs — with Maria Bartiromo on CNBC and with Leslie Stahl on CBS' *60 Minutes* — Greenspan admitted, with smug satisfaction, to willfully deceiving Congress when addressing them under oath about some of the most important Fed policies affecting the national and global economies. This blatant deception — in essence, lying — Greenspan brazenly, but casually, described as "purposeful obfuscation" and "destructive syntax."

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Were his interviewers outraged by this shocking confession? Far from it; the revelation only seemed to deepen their awe and fascination. The September 17 on-screen performance of CNBC's Bartiromo was especially embarrassing to watch. Ms. Bartiromo, supposedly the consummate news professional, wavered between star-struck hero-worship and giggling girlie flirtation.

Here is the crucial exchange between the breathless Bartiromo and Greenspan:

**Maria Bartiromo:** All of these important economic events you are overseeing — the most important institution, and leading things. And then not only are you dealing with these *crises*, but then you've got to *convey* what's going on to *people*. That means Congress, the president, the media, the public. So what? You come up with Green-speak.

**Alan Greenspan:** Otherwise known as Fed-speak.

**Maria Bartiromo:** What is it?

**Alan Greenspan:** It's a — a language of *purposeful obfuscation* to avoid certain questions coming up, which you know you can't answer, and saying — "I will not answer or basically no comment is, in fact, an answer." So, you end up with when, say, a congressman asks you a question, and don't wanna say, "No comment," or "I won't answer," or something like that. So, I proceed with four or



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five sentences which get increasingly obscure. The congressman thinks I answered the question and goes onto the next one. [Emphasis added.]

Likewise, in his September 13 interview on *60 Minutes*, Greenspan proudly paraded his record of deceit and misdirection. CBS' Leslie Stahl tells us that "in public Greenspan was inscrutable whenever Congress asked about interest rates. He resorted to an indecipherable, Delphic dialect known as 'Fed-speak.'" The *60 Minutes* transcript then proceeds with this account of their conversation:

"I would engage in some form of syntax destruction, which sounded as though I were ... answering the question, but, in fact, had not," Greenspan admits, with a chuckle.

At one hearing, Greenspan said, "Modest pre-emptive actions can obviate the need of more drastic actions at a later date, and that could destabilize the economy."

"Very profound," Greenspan says, after listening to his testimony. Greenspan personally worked on these "profound" comments.

"But what would often happen is you'd get two newspapers with opposing headlines, coming out of the same hearing," Stahl remarks.

"I succeeded. I succeeded," Greenspan says.

Succeeded? Succeeded in deceiving many (but not all!) of the congressmen to whom he was testifying. Succeeded in deceiving the American people as a whole. Succeeded in maintaining his mythical status as the all-wise, all-powerful Wizard of Oz of monetary policy.

But he succeeded in this ongoing deception for 19 years (and continues today as the venerable Fed chief emeritus) only through the indispensable assistance of the major media. Instead of serving as the watchdogs of the public interest as they are supposed to, they have become the lapdogs of the big banking-big business-big government interests that are hijacking our economy and our country.

Instead of, like Toto, pulling back the curtain to expose the Wizard's deception and sham powers, they lick the Wizard's hand and help him maintain the dangerous and unconstitutional power that the Federal Reserve system exercises over our economic and political destiny. While some of his media fan club have merely canonized him with sainthood, others among the Greenspan hosanna choir have actually elevated him to divine status.

One of the most shameless examples along those lines was the *Time* magazine cover story of February 15, 1999 by Joshua Cooper Ramo. Along with the ostentatious headline, "The Committee to Save the World," the cover featured the beaming visages of Federal Reserve Chairman Alan Greenspan, then-Treasury Secretary Robert Rubin, and then-Deputy Treasury Secretary (and later Treasury Secretary) Lawrence Summers, with this riveting subtitle: "The inside story of how the Three Marketeers have prevented a global economic meltdown — so far." This *Time* glorification attributed superhuman powers and virtues to the Greenspan-led trio, dubbing them "the Trinity."

But in terms of the *amount* of adulatory attention devoted to Greenspan, recent media coverage gives new meaning to the word "excess." On September 17, in addition to the hour-long interview with Maria Bartiromo, the NBC corporate family (CNBC/MSNBC/NBC) featured excerpts from the interview on its news segments and on programs such as *Squawk Box*, *Squawk on the Street*, *The Call*, *Power Lunch*, *Street Signs*, *Closing Bell*, *Kudlow & Company*, *On the Money*, and *Fast Money*. Not to mention a one-on-one interview with Matt Lauer on NBC's popular *Today Show*.

CNBC's marathon of Green-speak programming included: "Greenspan: Power, Money and the American



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Dream," "The Greenspan Legacy," "Greenspan on Global Growth," "Greenspan's New Book," "Greenspan, Iraq & Oil," "Greenspan on U.S. Consumers," "The Maestro & the Professor," "Greenspan on Foreign Investment," "Greenspan Speaks," "Greenspan and the Professor," "Worldly Tenure," "Honors and Accolades," and "Greenspan Retrospective." Many of these segments were recycled and then re-recycled for maximum overkill.

### **The Censored Fed Critic**

Amidst the prolonged festival of media praise for the former Fed chairman, there have been, of course, a few obligatory moments of criticism to provide "balance." The opponents most often quoted hale from the Marxoid side of the spectrum. Self-described socialist Rep. Bernie Sanders and left-wing economist Paul Krugman, for instance, seem to be the usual go-to critics.

However, unquestionably the most cogent and consistent critic of the Federal Reserve is Republican Congressman Ron Paul of Texas, an economic scholar who has served on congressional banking and economic committees for decades. Rep. Paul (who also happens to be seeking the GOP 2008 presidential nomination) does not merely criticize current and former Fed officers or this or that particular Fed policy. He is the only member of Congress who challenges the Federal Reserve System itself, persuasively pointing out that it should be abolished. Though Greenspan may now boast about having engaged in "purposeful obfuscation" when he appeared before Congress, there's no doubt that Ron Paul was not fooled — not by Alan Greenspan, and not by his successor, Ben Bernanke.

In fact, Rep. Paul has used House committee hearings to expose the Fed's catastrophic impact on our economy and to confront Fed chairmen Greenspan and Bernanke. Realizing full well that Federal Reserve officials engage in "purposeful obfuscation" when testifying, Rep. Paul has brilliantly used House committee hearings to inject important facts and insightful commentary on Fed policy and economic history that serve as mini economic lessons. In this February 11, 2004 exchange, Rep. Paul managed, among other things, to drag an admission from Greenspan that the dollar has become a fiat currency (a currency not backed by a commodity such as gold) and that the Fed wields "inordinate power":

**Dr. Paul:** "Maybe there is too much power in the hands of those who control monetary policy, the power to create the financial bubbles, the power to maybe bring the bubble about, the power to change the value of the stock market within minutes? That to me is just an ominous power and challenges the whole concept of freedom and liberty and sound money."

**Mr. Greenspan:** "Congressman, as I have said to you before, the problem you are alluding to is the conversion of a commodity standard to fiat money. We have statutorily gone onto a fiat money standard, and as a consequence of that it is inevitable that the authority, which is the producer of the money supply, will have inordinate power."

A good example of Rep. Paul's ability to cram several important lessons into a brief question/comment opportunity is his exchange with Fed chairman Bernanke during a House hearing on July 18, 2007. Dr. Paul points out that the growing income gap between the rich and the poor and the continuing decline of the American middle class is the result of the "deliberate debasement of the currency" through the Fed's monetary policies. He also unmasks the Fed's deceptive use of constantly changing weights and measures (MZM, M3, CPI) to hide the true extent of inflation its policies are causing. He notes it is only through fraudulent accounting and constant redefinition of the money supply that the Federal Reserve can claim the annual inflation rate is currently only around 2 percent, when it is actually in the double



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digits.

Later in the same hearing, Dr. Paul disparages the Federal Reserve System that creates “money and credit out of thin air” and points out that this is going to lead us to more economic crises. He asks Bernanke if he is concerned that this might soon take us to another monetary crisis like that of 1979-1980. When Bernanke responds with Greenspan-like obfuscation, Dr. Paul pins him down: “So you’re not answering whether or not you anticipate a problem?” Mr. Bernanke: “I’m not anticipating a problem like 1979-80, no.” Dr. Paul: “With your fingers crossed, I guess.”

Congressman Paul’s challenge to the “purposeful obfuscation” Greenspan and Bernanke engaged in during their congressional testimony was certainly newsworthy, and the news media should have reported it. Instead, the same media that have recently treated Greenspan to an orgy of media hype in connection with his new book have essentially censured Paul’s views on the Fed. Thankfully, Americans can access Paul’s views as well as Greenspan’s on the Internet.

*Photo: Alan Greenspan*



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