

Trash Greenspan, not the dollar!

by Chris White

On May 18, U.S. Federal Reserve Chairman Alan Greenspan and Treasury Secretary Lloyd Bentsen were given the opportunity to testify before Rep. Henry Gonzalez's (D-Tex.) House Banking Committee on the subject of the central bank and related interventions into the currency markets. For perhaps the first time ever, the remit of the hearings reasserts congressional authority, under Article 1, Section 8 of the Constitution. Gonzalez does not believe that legislation can give the Federal Reserve the right to make loans and grant credit lines to other countries without complete and timely accounting.

The immediate trigger for the hearings is the recent announcement of the "NAFTA swap" agreement with Mexico, under which the United States and Canada have put together a \$9 billion facility, under the auspices of the North American Free Trade Agreement, in ostensible support of the Mexican peso.

However, the raising of the flag of Article 1, Section 8, establishes a beachhead for a fight to put the creation of money and credit back onto its proper constitutional basis, for the first time since the establishment of the Federal Reserve system prior to World War I.

New dollar crisis

The announcement of the Mexican swap facility was the first indication that the financial turmoil of February and March, triggered by Greenspan's interest rate increases, was beginning to spill over into a crisis of the U.S. currency and debt.

Essentially, Greenspan and his collaborators on the Federal Reserve Board have been organizing an international credit boycott of the Clinton administration. The boycott has been perpetrated under the cover of the public relations

smokescreen, "When will the Fed next raise interest rates, and by how much will it raise them?"

The "threat" of higher interest rates to come has been the means to organize the collapse of "markets" for government debt, specifically debt with more than two years of maturity. That in turn has begun to set off a liquidation of dollar assets, to the point where, for example, the French daily *Le Monde* has begun to write of a "Crisis of Confidence." Wrote François Renard in the newspaper's lead article on May 6: "The crisis is here! A major monetary crisis, the first since the summer of 1992, is hitting the dollar."

When Greenspan first increased rates in early February, the conventional wisdom had it that increasing rates was necessary to stabilize rates. It didn't happen. Rates on 30-year and 10-year government bonds have risen by more than 20% since the beginning of February.

Then, it was maintained that increasing rates would lead to inflows into the dollar. That didn't happen, either. On May 4, the Federal Reserve organized an international support operation for the dollar, together with 16 central banks, its first such operation in more than 18 months. On the same day, the Federal Reserve was reported active in purchasing five-year government bonds, auctioned the day before, but boycotted by bond-dealers.

During the week of May 9, the regular quarterly auction of 10-year bonds was an equal disaster. Interest rates on those bonds have increased more than 30% since last October. But that day, the dollar fell again, even as Germany's central bank lowered interest rates.

The prospects for increasing interest rates ensure that buyers of government debt, and other debt, will face instant losses. That prospect in turn drives such purchasers out of the dollar. So, rates go up, and the dollar goes down.

What does all this nonsense have to do with anything? And, what is the relevance of Article 1, Section 8 of the U.S. Constitution?

The importance of Article 1, Section 8

The world is in the gravest economic crisis of the last 600 years. It is a crisis caused by the withholding of technology, capital investment, education, and related social services for more than a generation, on behalf of an insane cult doctrine which insists that the existence of mankind is the problem. So, we steal. From the mouths of the more than two-thirds of the world's population who live below the subsistence level, we take the means by which they might be fed. From the infants who will die before their first birthday, we take the sanitary facilities which could provide the clean water which would cut infant mortality worldwide by half. Man's future existence is converted into the claims of speculation and bankers' usury.

Unique among governments around the world, the United States government, with its division of powers, has maintained an Executive Branch which has the constitutional purpose, and thus the power, to "execute the law." Among those laws, apart from the accretion of emergency powers accorded through successive crises since the end of the Second World War, is Article 1, Section 8 of the Constitution. The Presidency's obligation to "execute the law" and Congress's power over money and credit, together give the United States something that no other country has in the same way: the power to reorganize the world economy out of the crisis that has been developing since the period 1963-67.

That power is what is at issue in the insanity about interest rates and currency rates that is coming from the Federal Reserve.

Alan Greenspan's Federal Reserve is acting for those interests which are set on destroying the powers of the U.S. government to organize a world economic recovery, by crushing the institution of the Presidency—just as is the unfortunate Paula Jones, with her "sex harassment" lawsuit against the President. That means the British interests represented by the international advisory board of Conrad Black's Hollinger Corp.

There is a world economic crisis. But that's not what the Fed is concerned with. They say, as Greenspan does, that they're concerned to head off the future inflationary consequences of present economic growth. But, there isn't any economic growth! Look around the world: hunger, disease, death—all avoidable. They say: "That's got nothing to do with economics; that's just moral posturing and sentimentality; we're responsible for protecting the purchasing power of the country's money."

Well then, how come a dollar today has the purchasing power of less than a dime of 25 years ago? How come only one wage earner out of every nine fortunate enough to be employed, is able to support a family on the proceeds of one pay-

packet? How come the combined earnings of two and more wage earners do not come close to providing the same quality of living standard as households enjoyed 25 years ago?

Debase the productive power of labor, and the currency which embodies the existence claims of that labor will also be debased. How can you call that "protecting the purchasing power of the currency," or "protecting the value of money"?

Clearly, Greenspan and company, and their predecessors, are not, and have not been doing what they claim to have been doing, but the very opposite! Yet, they insist that their independence from government, and from the political process, is necessary so they can continue to do what they have been doing, without political interference. What could be more political, than deciding on, and maintaining, a choice about the future of the country and the world, which has led to such destruction?

And now, in the midst of the gravest crisis mankind has faced, they are pulling the plug on the one institution in the world which has the power to do something useful. Precisely because they don't want that institution to accomplish anything useful.

That is the significance of Article 1, Section 8. Can essentially private interests, such as those that control the Federal Reserve, be permitted to arrogate powers which properly belong to the representative institutions of each and every one of us? The Federal Reserve is privately owned, the board members of its regional arms appointed by shareholders whose identities do not have to be disclosed, who presumably benefit from its operations in currency, debt, and money markets.

Two hundred years ago, the answer to such a question was "no." The Preamble to the Constitution defines a purpose, "to form a more perfect union for ourselves and our posterity." Article 1, Section 8, in according Congress the power to create money and credit, provides a means by which a more perfect future might be created for the generations that ought to come after us.

This has nothing to do with the value of money per se, but with the worth of human labor, as a reflection of the image of the unique power of the Creator which shines in all of us. The Preamble to the Constitution's commitment to the principle of perfection, for future generations, asserts the fundamental difference between man and beast, and thereby enshrines the labor which is the means by which that difference is effected. Dumb beasts cannot build a better future for the litters of their litter.

And therefore, Greenspan and company ought to go. Enough of the garbage about the "independence of the Federal Reserve," and its special role. The Federal Reserve is an enemy political interest which is conducting financial and economic warfare against the principle on which this country was based. Private interests, especially private money interests, cannot be permitted to destroy capabilities which mankind needs, if mankind is to survive.