WASHINGTON — Contrary to conventional wisdom, Alan Greenspan is not an oracle; he is a brilliant economist with certain political views. And that means when he speaks we should listen critically, sorting out the economics from the ideology. We would have done well to remember that last week, when Mr. Greenspan, in a meeting before the Senate Budget Committee, endorsed tax cuts.

Monetary policy is the principal assignment of the Federal Reserve. Fed action is the best instrument for getting a slow economy back on a healthy growth track, and if the Fed's Open Market Committee reduces short-term interest rates by half a percent this week, as is predicted, it will be doing its job well, building on its move earlier this month to cut rates by a half-point and increasing the chances of restoring economic momentum in the second half of the year.

Tax-and-spending policy is not the job of the Fed. Hence, when Alan Greenspan endorsed an immediate tax cut before the Senate Budget Committee last week, he clearly stated that he was giving his personal views, not speaking for the Fed, and he has every right to do that.

Moreover, Mr. Greenspan did not endorse the Bush administration argument that tax cuts are needed to rev up the slumping economy now or in the next few months. Indeed, he pointed out that Congress takes a long time to enact tax reductions, and that any cut could end up stimulating an economy that is already well recovered.

Instead, Mr. Greenspan's case for a tax cut rests entirely on his perception of a curious new danger — the peril of zero debt. He is worried that if the federal government runs surpluses of the magnitude now projected by the Office of Management and Budget over the next decade, it will quickly pay off its debt by buying back its bonds. So it will then have to invest the surpluses — but in what? Mr. Greenspan thinks the government should not own private or state and local securities, because politicians would try to influence
investment decisions and end up investing in companies that might not be the most profitable. So he recommends an immediate tax cut to get the country on a "glide path to zero federal debt."

This proposal is weak on both economic and ideological grounds.

First, the projected surpluses are not guaranteed. These surpluses will occur only if steady high economic growth continues, and that in turn depends on the continuation of high productivity growth. If we wait a year or two, we will have a firmer basis for knowing whether the recent productivity growth can survive a slower economy and hence, whether the projected surpluses will in fact materialize.

Second, the zero-debt problem is temporary. The Social Security and Medicare trust funds account for most of the projected surpluses, and those will be drawn down quickly when the boomers begin retiring after 2011.

Third, the government, especially in its Social Security and Medicare funds, could own non-federal assets without political meddling. For instance, these accounts could hold index funds that by law could be well insulated from political influence.

Fourth, the zero-debt problem, if it exists, calls for reducing surpluses, not taxes. The problem could just as easily be solved by increasing government spending. Mr. Greenspan is a proponent of minimal government and personally prefers lower federal spending. But many of us see the urgent need for public action — rebuilding crumbling schools, providing health coverage for low-income working families or improving Medicare benefits.

Indeed, the partial privatization of Social Security — a favorite proposal of the new president — could be accomplished only with a large infusion of government money. After all, the government would still need to pay benefits already promised to older workers and retirees who would not benefit from privatization. These benefits could no longer be covered by the contributions of younger workers, who would have diverted at least part of their Social Security taxes into personal retirement accounts.

There is undoubtedly room for some tax cut — preferably one focused on working families who need it — but it would be foolish to rush into a large tax cut now to avoid the zero-debt problem. Why enact large tax cuts, only to find in a few years that we don't have the public resources needed to solve some of our country's most urgent and widely acknowledged problems?

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