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## THEY SAID IT

When the New York stock exchange fell into chaos, the way was opened for terrible simplifiers to rally an immense following.

Russell Kirk, commenting on the crash of October 29, 1929, *Eliot and His Age*, 1971.

## In this Issue

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A Word from the Wise.

*From the Editors:* Long-time readers undoubtedly recall that it has been nearly eight years now since we were unceremoniously defenestrated from our big-shot, political analyst jobs for turning out “work product [that] exhibited difference in philosophy from that of firm management.” It is difficult now to carry any grudges about the circumstances of our dismissal, given that the firm in question no longer exists. But for a long time, we were more than a touch unhappy, if for no other reason than the fact that we were “let go” in October, 2000, less than a month before one of the biggest political stories of our careers took place, i.e. the disputed Florida recount. Imagine if you will the frustration of having no vehicle for communicating thoughts, ideas, jokes, snide remarks, etc. while the entire American political community is waging war in Palm Beach over such concepts as “dimpled chads” and their viability as actual votes.

On the plus side, this year’s presidential campaign promises to make up for that missed opportunity. Indeed, we believe that it will not only be incredibly entertaining, but by the time it is all over, will be far more significant and influential than that silly old squabble over recounts and butterfly ballots. In fact, in our estimation, the events of the next few months will likely irrevocably affect the course and the structure of both major parties and, perhaps, begin the construction of the new political paradigm that we’ve been touting for nearly a decade. So while we miss our cushy offices and expense accounts, we are eternally grateful that providence has provided us a venue from which to pontificate this time around, rather than to sit silently on the sidelines. As such, we would like to thank you, gentle readers, for making this possible.

## THE GOP AND NEO-CONFEDERATE LIBERTARIANISM.

Of all the fascinating themes emerging in the Republican primary contest, perhaps the most fascinating is the rise and, more to the point, the acknowledgement of neo-confederate sympathy.

Some of this has been both typical and expected. For example, Mike Huckabee is a white, Baptist preacher from a state in the deep South who appeals, in part, to voters generally thought of by the media and political elites as “poor, undereducated and easily led,” (to borrow a phrase from *The Washington Post*), the so-called

“bubbas.” It is therefore hardly surprising that he has been accused of being a closet racist or, more accurately, a politician willing to capitalize on the racism of some sympathetic constituencies in order to further his political career.

It is also hardly surprising, given Huck’s apparent yearning for political power, that some of the charges against him are true. Governor Huckabee, who had not shown much interest in racial issues prior to the South Carolina primary, nonetheless campaigned in that state as a defender of the Southern states’ right to fly what he called “our” flag, meaning the battle flag of the Confederacy. The Confederate flag had never before been much of an issue for Huckabee. But he nonetheless embraced it in South Carolina, displaying both a willingness to say anything for votes and a general disdain for the intelligence of South Carolina Republicans.

More important, as left-wing journalist Max Blumenthal has noted, Huckabee once had a brief but nonetheless controversial relationship with the Council of Conservative Citizens, which has neo-Confederate sympathies and has been roundly condemned even by many on the right as being a racist organization. Huckabee made a video presentation to the CofCC national convention in 1993, while he was Lieutenant Governor of Arkansas. The speech was, according to CofCC founder Gordon Lee Baum, “extremely well received by the audience.” Huck was scheduled to give the keynote address to the national convention again in 1994, but backed out at the last minute, after his affiliation with the group became public and thus became a threat to his grander political aspirations.

Again, this is all to be expected. When Southern Republicans get close to power, real and imagined sins against the racial establishment invariably become part of the political discourse.

What has been rather less expected is the emergence of some overt neo-Confederate sympathies in the camp of the Texas Congressman and libertarian standard-bearer Ron Paul. Paul, as you may recall, was the Libertarian Party’s presidential candidate in

1988; is one of the surprises of the 2008 campaign season, unexpectedly raising considerable amounts of cash (some \$30+ million); has attracted many anti-war voters as the only GOP candidate opposed to the war in Iraq; and has done surprisingly well in some primaries, even finishing second this past weekend in the Nevada caucuses.

Followers of inter-libertarian squabbles have been aware of the pro-Confederate leanings of some prominent libertarians for years. But the emergence of such sentiments in this campaign has come as something of a surprise, particularly since their exposure seems to have prompted no remorse on the part of Paul or other similarly inclined neo-Confederates.

The entire controversy came to public attention just a couple of weeks ago, when the center-left magazine *The New Republic* uncovered some old newsletters published under Paul’s name that the magazine describes thusly:

What they reveal are decades worth of obsession with conspiracies, sympathy for the right-wing militia movement, and deeply held bigotry against blacks, Jews, and gays. In short, they suggest that Ron Paul is not the plain-speaking antiwar activist his supporters believe they are backing – but rather a member in good standing of some of the oldest and ugliest traditions in American politics.

In the aftermath of *TNR*’s revelations, Paul’s campaign has fought back a little, though one might say not very effectively. Paul has said that he did not write the articles in question and, in fact, disavowed them seven years ago. They were merely published under his name, and he was not always aware of their content. Paul would not name the articles’ true author, though. But according to the folks at *Reason* magazine (a libertarian journal), the author is none other than Lew Rockwell, a former Congressional aide to Paul, the Congressman’s former business partner, and a well-known conspiracy-monger. Fellow libertarian

and publisher of *The New Individualist*, Robert Bidinotto, describes Rockwell as a “pro-Confederacy, ‘paleolibertarian,’ blame-America-first, Rothbardian-anarchist kook.” According to *Reason*:

During the period when the most incendiary items appeared – roughly 1989 to 1994 – Rockwell and the prominent libertarian theorist Murray Rothbard championed an open strategy of exploiting racial and class resentment to build a coalition with populist “paleoconservatives,” producing a flurry of articles and manifestos whose racially charged talking points and vocabulary mirrored the controversial Paul newsletters.

Whatever the case, Rockwell, like Paul has been an avowed critic of the war in Iraq and, like many on both the left and the Paleo-right, has blamed the Bush foreign policy on the malignant influence of the dastardly “neo-cons” and other assorted Jewish influences. He has thus deservedly earned a reputation as a Jew-baiter, if not an outright anti-Semite.

Most interestingly, Rockwell and Paul remain friends and political allies. Rockwell has accompanied Paul on various campaign stops and, as Bidinotto notes, “he also runs the online website *LewRockwell.com*, where Ron Paul is listed and posts regularly as a contributor, and which has become an unofficial cheering section for Paul’s campaign.” Rockwell has open sympathies for the Confederacy, traffics in scurrilous discussion of malignant Jewish cabals, and has a history of promoting racial strife in the interest of advancing the paleo-libertarian agenda. And he and Ron Paul remain close.

James Kirchick, the author of the original piece in *The New Republic* detailing the content of the Ron Paul newsletters, noted recently that Rockwell is hardly alone among Ron Paul’s friends and political supporters in despising the dreaded “neocons” and longing for the good old days of the Confederacy. Specifically, Kirchick detailed the relationship between the Paulist libertarians (e.g. Paul, Rockwell,

and Rothbard) and various paleocon activists. To this end, he cited the writings of Daniel Larison, a paleoconservative “fixture” who shares many of the same sympathies with the Paulists. Like Paul, Larison has been moved to defend and promote Thomas Woods’s book *The Politically Incorrect Guide to American History*, which Paul “recently blurbed.”

Writing at “Contentions,” the group blog of writers and editors for *Commentary* magazine, Kirchick noted that Larison, like Rockwell and Rothbard, speaks highly of the Confederacy and bemoans its demise. To wit:

The defeat of the Confederacy, though the Confederate political experiment does not exhaust the richness of Southern culture and identity, was a defining moment when the United States took its steps towards the abyss of the monstrous centralised state, rootless society and decadent culture that we have today. In sum, the Confederacy represented much of the Old America that was swept away, and with it went everything meaningful about the constitutional republican system, and the degeneration of that system in the next hundred years was the logical and ultimately unstoppable result of Lincoln’s victory. All of this is in recognition that we are beholden to our ancestors for who we are, and we honour and remember their struggles and accomplishments not only because they can be established as reasonable, good and true but because they are the struggles and accomplishments of our people, who have made this land ours and sanctified it with their blood in defense against the wanton aggression of a barbarous tyranny.

Kirchick continued, writing that “a 1988 edition of the Ron Paul Political Report put this [same] idea much more succinctly:”

Beginning with the Civil War and continuing to the present day, advocates of big government have sought to transfer the American people's loyalty away from Constitutional liberty and to the government.

Now, lest you think we're playing a nasty game of guilt by association and tarring the new libertarian hero Paul with only the words of others, we note a late December appearance by Paul on NBC's "Meet the Press," which contained this exchange with Tim Russert:

**Russert:** I was intrigued by your comments about Abe Lincoln. "According to Paul, Abe Lincoln should never have gone to war; there were better ways of getting rid of slavery."

**Paul:** Absolutely. Six hundred thousand Americans died in a senseless civil war. No, he shouldn't have gone, gone to war. He did this just to enhance and get rid of the original intent of the republic. I mean, it was the – that iron, iron fist –

**Russert:** We'd still have slavery.

**Paul:** Oh, come on, Tim. Slavery was phased out in every other country of the world. And the way I'm advising that it should have been done is do like the British empire did. You, you buy the slaves and release them. How much would that cost compared to killing 600,000 Americans and where it lingered for 100 years? I mean, the hatred and all that existed. So every other major country in the world got rid of slavery without a civil war. I mean, that doesn't sound too radical to me. That sounds like a pretty reasonable approach.

Paul's comments are, in our estimation, as interesting and revealing as they are troubling. As the *Wall Street Journal's* James Taranto commented, "It's an intriguing

counterfactual, but what is most telling is that Paul blames Lincoln for the Civil War rather than blaming the South for starting a war *to preserve slavery.*" And that's what seems to be the common thread that binds all of the neo-Confederate, paleo-liberty fanatics together. They all appear to share the belief that there is nothing, no possible political evil, as great as federal government intervention either in states rights or the rights of individuals. There can, in their minds, be no possible justification for federal intervention in state or individual affairs. Lincoln was the bad guy, you see, because he had the unmitigated gall to interfere in the affairs of the Confederacy. This interference, in the opinion of the neo-Confederates, violated the spirit of the American experiment and, was thus a great moral evil that sent the nation careening irrevocably down the path to totalitarianism.

As we said, this is truly fascinating stuff. We could probably spend weeks and pages of text discussing the apparent pathologies of these purported libertarians. But in the interests of brevity, we'll limit the discussion to just a couple of quick points and their possible implications.

In our estimation, the most important and pertinent lessons to be learned from this outbreak of confederate nostalgia is that a great many of the libertarians who so loudly and proudly profess their superior dedication to the founding principles of this country actually misunderstand those principles completely. Moreover, while they claim to best represent the intentions of the Founders and to most correctly exemplify the tenets of the Constitution, nothing could be further from the truth.

The objection that these folks have to Lincoln and the actions he took in advance of the Civil War center on the imposition of federal standards upon the states and thus the explicit strengthening of the central government. This, they contend, suggests a preference for the state over liberty and led inevitably to the enduring submission of liberty to statism in American government. Or as Daniel Larison put it, "defeat of the Confederacy...was a defining moment when the United States took its steps towards the abyss of the monstrous centralised state, rootless society

and decadent culture that we have today....[T]he Confederacy represented much of the Old America that was swept away, and with it went everything meaningful about the constitutional republican system....”

The presumption here is that unencumbered state’s rights are the pinnacle of liberty and that the concerted action of a centralized state can only be seen as moral iniquity and the curtailment of liberty. This is a willful and or at least a shockingly careless misreading of the founding documents and the principles on which those documents are based. Interestingly, this is the same misreading as is often made by the secularist-libertarians, who insist that there is no basis whatsoever for the claim that the nation was founded on Christian principles.

The fact is that the very concept of liberty envisioned by the Founders and articulated by Thomas Jefferson in the Declaration of Independence is largely based on the concept of natural law, that there certain “inalienable” rights – in this case, life, liberty, and the pursuit of happiness – that are explicitly and intrinsically part of the human condition and therefore cannot be denied. We have neither the time nor, frankly, the expertise to discuss in any great detail the derivation of the Jeffersonian understanding of natural law, but for our purposes today, it should suffice to say that this concept has its origins in the work of St. Thomas Aquinas. If, as so many scholars insist, Western civilization and Western democratic principles are largely the result of the melding of the Greek and Judeo-Christian traditions, then Aquinas was the principle force propelling that blending.

Aquinas understood natural law to be human participation in the eternal law and to be based on the understanding that the goal of that participation was to promote the highest good. To wit, “this is the first precept of the law, that good is to be done and promoted, and evil is to be avoided. All other precepts of the natural law are based on this . . .” An unjust law, one that shuns good and promotes evil is, therefore, no law at all.

The Jeffersonian conception of this principle, as filtered through the likes of John Locke, among others, is at the heart of the Declaration of Independence, of the Bill of Rights, and indeed of the nation’s founding itself. And though the federal intervention in the affairs of the Confederate states may have constituted an abridgement of those states’ rights, it was undertaken in defense of the higher conception of liberty and in defiance of a practice that was, by the mid 19<sup>th</sup> century, clearly understood as an unquestioned evil. All of which is to say that it was undertaken in the spirit of natural law as understood and expressly embraced by the Founders.

Perhaps the most interesting and ironic aspect of the Paulist libertarians’ insistence on the primacy of state’s rights is the fact that they claim that their view of liberty is the only one that truly upholds and exemplifies the principles enshrined in the Constitution. This is an understandable and sensible claim. But it is also untrue. The Constitution, after all, is a Federalist document. And the views embraced by the likes of Paul and Rockwell are largely anti-Federalist. They are less *Publius* and more *Brutus* or *The Federal Farmer*. The radical states’ rights agenda as supported by the Paulists was indeed a part of the debate over the Constitution, but it was the *losing* part. When Paul et al. insist that they yearn simply for a return to Constitutional principles, they are either mistaken or dishonest. What they yearn for is a return to *pre-Constitutional* principles.

Now, what is the relevance of all of this, you ask? To be honest, we’re not entirely sure what the ultimate impact of the rise of Ron Paul will be, but we do see some basic implications for the future of the Republican Party.

On the one hand, there is some good news for the GOP, as it tries to remake itself in the post-Cold War era. For years now, observers have insisted that it is incumbent upon the party to free itself from the grips of the religious conservatives and to make amends with its libertarian factions. What the Paul phenomenon suggests, though, is that the importance of the “libertarians” may be overrated. The word

“libertarian” when used as an adjective describes a reasonable tradition within the conservative movement that presents sound ideas for the restraint of government and the maximization of liberty, ideas that can and should, at least in theory, be amenable even to the less secular factions of the conservative coalition. But “libertarian” when used as a noun increasingly describes a movement that is unmoored from the conservative tradition and indeed from the constitutional principles it proclaims so loudly to embody. What this suggests, then, is that the distance to bridge between the viable factions of the Republican Party are not as great as had previously been assumed, meaning that the reconstruction of a working coalition is not entirely unreasonable.

On the down side, what this means is that a fairly significant faction of the old Republican coalition, people represented by the likes of Ron Paul, are no longer within the bounds of mainstream political discourse. A newly strengthened Republican coalition may, indeed, be possible, but it will be a smaller coalition, with greater numbers of erstwhile coalition members moving to the political fringes.

It is hard for us to imagine that those who have actively and aggressively supported Dr. Paul this campaign season, those who have raised more than \$30 million for his insurgent campaign, will be able to find their way back to the post-Paul Republican Party. The resentment toward the mainstream factions of the party is just too great and the dissension sown between the movement conservatives and the radical libertarians is too raw for a reconciliation to seem possible.

The interesting thing is that the Democratic Party is in the midst of similar strife, with its political outliers increasingly moving away from the mainstream factions of the party. Not surprisingly, these outlier factions share a great many beliefs in common with the libertarian outliers, including a belief in the nefarious nature of the origins of the current global conflict. What this suggests, we think, is the possibility of a loose affiliation between the radical and displaced liberals and the radical and displaced libertarians that

will noisily oppose the mainstream parties. Third party or independent candidates catering to the paranoid and the politically displaced may well become an enduring feature of the new political paradigm. Time will tell.

In the meantime, the presidential candidacy of Ron Paul should continue to prove a source of both edification and entertainment. The seedy underbelly of the libertarian movement has been exposed and we can hardly wait to see what will be discovered next. Stay tuned.

## A WORD FROM THE WISE.

Now we are not in the business of giving economic and policy advice to politicians. But we were talking among ourselves the other day and came up with a brilliant way to “get the economy going again,” as they say, and we thought we would publish it in *Politics Et Cetera*, in hopes that someone would pass it along to the powers that be.

Our idea is that since a very large number of Americans stubbornly refuse to borrow money and spend it on short term gratifications in order to get the economy “going again,” and most of those who would do this if they could can’t because they are already up to their butts in debt, we think the federal government should borrow \$150 billion or so on their behalf, and simply give it to them to spend.

Certainly, it seems to us, that the Arabs and the Chinese would happily extend their line of credit to the good old US of A by a paltry sum like that, since they are already in the bag for billions upon billions of dollars that won’t be repaid in the lifetime of a newly born giant tortoise. This is especially true, we believe, if we assure them that Americans will spend the money on imported oil from the Middle East and lots of stuff made in China. If they are worried about collateral, we would suggest that each American family promise them its first-born male child.

(Psst, hey guys...these are your wives speaking. They have already thought of this. It’s “the plan” they are “working on.” Read the papers, okay?)

Ah, well then, knowing our wisdom concerning such matters, they must be tapping our phones. And since they are already aware of that idea, how about this one? Why don't they enlist the help of the nation's greatest economic minds, people who really know about this stuff. Say, the top management of Citigroup, i.e. Sandy Weill, Bob Rubin, and the gang. These guys must be brilliant, right? I mean they have made millions upon millions of dollars for themselves, exercising masterly control over the global levers of finance. So why not let them do for the nation what they have done for their investors? After all, we have been told by people who are far smarter than we that these guys have their fingers on the pulse of international finance.

(Psst, hey guys...you don't wanna know where these guys have had their fingers. Don't even bring it up. All you need to know is that they are dumb as a sack full of hammers. Read the papers, okay?)

Well, here's an idea then. What if the federal government were to lay off several million bureaucrats? Send them home. Give them a huge severance package, like the big shots on Wall Street and in Newark pay themselves when they destroy a perfectly good firm. Well, maybe not *that* good. But tell these federal employees that they will receive full pay and benefits for at least two years and that they should use this time to find a job. Our guess is that a scant few would be missed at the workplace. But if any were, they could be called back on a moment's notice, since they remain on the payroll. If they have any skills at all, they should be able to find a job within two years and at least some of them would likely become involved in some line of work that actually produces something of value, thus helping the economy. In the meantime, all the money that it costs the government to keep these people "busy," – probably equal to their pay – could be given to the people who have been paying their salaries for years, with no borrowing necessary.

(Hello!...Earth to Mark and Steve....Take a couple aspirin and go to bed. Are you familiar with the line about a snowball's chance in hell?)

Okay, ladies, what is yooooour solution?

(Well. First, you have to identify the source of the problem. Go to Wikipedia and look up "moral hazard." Here's what you will find:

Moral hazard is the prospect that a party insulated from risk may behave differently from the way it would behave if it were fully exposed to the risk. Moral hazard arises because an individual or institution does not bear the full consequences of its actions, and therefore has a tendency to act less carefully than it otherwise would, leaving another party to bear some responsibility for the consequences of those actions....

Financial bail-outs of lending institutions by governments, central banks or other institutions can encourage risky lending in the future, if those that take the risks come to believe that they will not have to carry the full burden of losses. Lending institutions need to take risks by making loans, and usually the most risky loans have the potential for making the highest return. A moral hazard arises if lending institutions believe that they can make risky loans that will pay handsomely if the investment turns out well but they will not have to fully pay for losses if the investment turns out badly. Taxpayers, depositors, other creditors have often had to shoulder at least part of the burden of risky financial decisions made by lending institutions.

So stop thinking in terms of what those who got us into this mess can do to get us out. They can do nothing. Good ol' Sandy, Bob, the Fed, and the entire U.S. Congress, Democrats and Republicans alike, are the queens of moral hazard. They helped make this mess and anything they do will only make things worse over the long term. Without people like them, the term "moral hazard" would never have been coined.

Know this and don't forget it. All of these people may not all be fools, but to borrow a line from Irving Babbitt, they do the things that fools would

do, especially when they act in concert to address a problem. Dig out your copy of Gustave LeBon's classic little book *The Crowd*, then read and memorize this passage.

The very fact that crowds possess in common ordinary qualities explains why they can never accomplish acts demanding a high degree of intelligence. The decisions affecting matters of general interest come to by an assembly of men of distinction, but specialists in different walks of life, are not sensibly superior to the decisions that would be adopted by a gathering of imbeciles. The truth is, they can only bring to bear in common on the work in hand those mediocre qualities which are the birthright of every average individual. In crowds it is stupidity and not mother-wit that is accumulated. It is not all the world, as is so often repeated, that has more wit than Voltaire, but assuredly Voltaire that has more wit than all the world, if by "all the world," crowds be understood.

The point is that you guys are making this thing far too complicated. This is one of those problems for which simple solutions are appropriate. Approach this the way a good conservative would. Draw on the wisdom of the past, homilies even. Start with "the best thing to do if you are stuck in a hole is to stop digging." If that isn't intellectual enough for you guys, remember the wise words of the historian F.J.C. Hearnshaw: "It is commonly sufficient for practical purposes, if conservatives, without saying anything, just sit and think, or even if they merely sit."

So just sit already. Any action you recommend would have to involve the men who made the mess, and they will screw it up. If anyone asks you what you would do, your best bet is to change the subject. If you are incapable of such prudent action, provide them with the following paragraph from Paul Johnson's

remarkable book *Modern Times*, and politely remind them that when thinking of government-based solutions to problems of this nature they should never forget Galen's admonition to physicians, "First do no harm."

The credit inflation petered out at the end of 1928. The economy went into decline, in consequence, six months later. The market collapse followed after a three-month delay. All this was to be expected; it was healthy; it ought to have been welcomed. It was the pattern of the nineteenth century and of the twentieth up to 1920-21: capitalist "normalcy." A business recession and a stock-exchange drop were not only customary but necessary parts of the cycle of growth: they sorted out the sheep from the goats, liquidated the unhealthy elements in the economy and turned out the parasites; as J.K. Galbraith was to put it: "One of the uses of depression is to expose what the auditors fail to find." Business downturns serve essential purposes. They have to be sharp. But they need not be long because they are self-adjusting. All they require on the part of the governments, the business community and the public is patience. There was no reason why the 1929 recession should have taken longer, for the American economy was fundamentally sound, as Coolidge had said....

But, as now, they had no patience back then. And, as now, fools attempted to "fix it." And the rest is history, as they say. They call it the Great Depression. You can look it up.

So here's the story, guys. Remember the old saying, "If it ain't broke don't fix it. And if it is broke, don't ask the morons that broke it to fix it.")

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