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THEY SAID IT

Today, I'm going to write about a slur. It's a distortion that's been around for a while, but has spread like a weed over the past few months. It was concocted for partisan reasons: to flatter the prejudices of one side, to demonize the other and to simplify a complicated reality into a political nursery tale.

The distortion concerns a speech Ronald Reagan gave during the 1980 campaign in Philadelphia, Miss., which is where three civil rights workers had been murdered 16 years earlier. An increasing number of left-wing commentators assert that Reagan kicked off his 1980 presidential campaign with a states' rights speech in Philadelphia to send a signal to white racists that he was on their side. The speech is taken as proof that the Republican majority was built on racism.

The truth is more complicated....

But still the slur spreads. It's spread by people who, before making one of the most heinous charges imaginable, couldn't even take 10 minutes to look at the evidence. It posits that there was a master conspiracy to play on the alleged Klan-like prejudices of American voters, when there is no evidence of that conspiracy. And, of course, in a partisan age there are always people eager to believe this stuff.

"History and Calumny," David Brooks, *The New York Times*, November 9, 2007

THE TEA PARTY AND RACE.

Are you now or have you ever been a member of a tea party? That, apparently, is what some pretty powerful people, including the peerless George Soros, would like to know.

This past week, "Think Progress" and "Media Matters for America," both of which are Soros operations, "New Left Media," and the NAACP launched a new web operation called Teapartytracker.org, dedicated specifically to watching, hassling, filming, and, if possible, besmirching the tea party movement and those who participate in it. They're going to get those tea partiers, no matter what it takes! And frankly, it shouldn't take much, you know? A few strategically placed embarrassing rednecks holding a few strategically placed embarrassing signs and the whole thing will come apart, right?

It has to, doesn't it? It is a racist organization, after all. And if it's not . . . well . . . don't worry about that. It is. So shut up!

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Or something like that.

Now, we here at The Political Forum have not said much about the tea party movement during the 18 or so months that it has existed. As conservatives, we have watched its progress with considerable pleasure and, on occasion, participated in its activities. And like everyone else, we are fascinated by the widespread grass roots support that the movement enjoys. For the most part, we haven't shared the concern that some Republicans have voiced that the movement could hurt the GOP's strategy for retaking control of Congress, largely because we are not convinced that the return of the GOP to power is necessarily the answer to the nation's problems.

But in our view, the most interesting thing about the teapartiers is the claim by their enemies that they are racists. For starters, there is absolutely no evidence whatsoever that this is the case. None. Zero. Nada. It is true that the tea party crowds are generally white, but then so are the crowds that support gay rights or the protection of whales and two-toed frogs.

One obvious reason for the racist charge is that it is near-impossible to refute and, even if not proven, potentially quite damaging in our soft, multi-culti society. But there's more to it than that. A great deal more to it, as a matter of fact. Let us explain.

If one looks at the history of the United States over the last 150 or so years, one sees that, for roughly two-thirds of that period, two phenomena move largely in parallel: the expansion of civil rights to the point of fulfillment of the Founders' ideals and the expansion of the reach and strength of the federal government. Beginning with the election of Abraham Lincoln in 1860 and the immediate secession of seven and eventually eleven states, the great expansions of federal power for the next century were undertaken in the name of guaranteeing for all men and women the protections delineated in the Declaration of Independence and the Constitution.

The 13th, 14th, and 15th Amendments to the Constitution, all of which were ratified in the immediate aftermath of the Civil War, explicitly

provided federal protection of the rights of all individuals – specifically black individuals – under federal law, thereby overriding any state laws to the contrary. More specifically, the 13th abolished slavery, while the 14th and 15th were part and parcel of the start of federal intervention in elections, education, and a host of other issues, specifically in an effort to combat the rise of the Klan and other institutions designed to limit the role of the newly freed black citizens in the civic life of the South.

The 16th amendment (the establishment of the income tax) provided the fiscal means by which to finance this expansion. And the 19th (women's suffrage) and 24th (voting rights) continued the expansion of federal authority designed specifically to undermine state laws and practices that served to deny women and persons of color their God-given rights as explicated by the Founders.

All of this is to say that a strong case could be made that the federal government's expansion of power – which, naturally, was accomplished specifically by limiting the power of the states – was morally justified, necessary, and principally concerned with bringing the nation into line with the values of its founding.

There are some exceptions to this narrative, of course, most notably the consolidation of power in federal hands that took place during the New Deal and World War II. But even here, it is at least arguable that much of the power was grabbed for legitimate ends, even if it would have been preferable to see this power devolved back to the states after the immediate crises were averted.

In any case, from 1861 to the passage of the Civil Rights Act in 1964, there existed a basic correlation between the expansion of federal power and the need to remedy social – and most often racial – inequalities. Moreover, and perhaps more to the point, during that same time period, the overt and active opposition to the expansion of federal power was the purview of individuals who were defending the status quo, a great many of whom were clearly driven by social and racial resentment. Indeed, within a quarter century after the end of Reconstruction, all 11 states of the

Confederacy had adopted new constitutions and new laws designed to limit the full participation of blacks in Southern political life, including but not limited to literacy tests, poll taxes, and various forms of gerrymandering.

In 1948, the Democratic Party itself splintered over the relationship between expanded federal power and the “rights” of states to maintain their own regimes. The very rise of the Dixiecrats, the proper name for which was the States’ Rights Democratic Party, documents the correlation that existed at that time between those who claimed opposition to federal expansion in the name of “states rights” and the peculiar Southern obsession with race.

In the wake of 1954’s Supreme Court decision in the case of *Brown vs. The Board of Education of Topeka*, the “states rights” trope saw one last flourish, with the likes of Orval Faubus, Thomas LeRoy Collins, and George Wallace, and such “policy innovations” as the *Southern Manifesto* used to try to justify racial discrimination based on the excuse of “state’s rights.”

All of this, by and large, came to an end on July 2, 1964 with the enactment of the Civil Rights Act, which, at least legally, ended the practice of state-sponsored discrimination and established, once and for all, the federal government’s supremacy in matters of civil rights.

This was, without question, a clear and important victory for the cause of civil rights and the absolute power of the federal government to enforce these rights. But, as a practical matter, bringing a degree of finality to the legal fight for equal protection under the law, also brought to an end the federal government’s most convincing and most powerful moral and constitutional arguments in favor of its infringement on state’s rights. Indeed, while this encroachment into the erstwhile lawful realms of the states *and the people* has continued to increase in both pace and scope from 1964 onward, these efforts have clearly lacked even the semblance of the legitimacy that accompanied the earlier governmental expansion.

For whatever reason, this made little or no difference until 1980, when the election of President Ronald Reagan indicated that at least some Americans had had enough of “Big Brother,” and then again in 1994, when the House Republicans, led by Newt Gingrich, launched a concentrated effort to limit both the size and the power of the federal government.

At both times, the left played the race card. Never mind that race had absolutely nothing to do with these federalists spasms. Never mind that President Reagan had not a prejudiced bone in his body and that neither he nor Gingrich— nor any of the other Republican Revolutionaries, for that matter – ever did anything to advance the notion that their conception of federalism was, in any way, related to the previous, racist connotation.

We have neither the time nor the desire, but if you are feeling particularly masochistic, Google “Reagan” and “states’ rights.” Or, better yet, just search the archives of the *New York Times* for the phrase “dog-whistle.” Believe us, you’ll get far more nonsense about Reagan being a racist or Gingrich or Armeiy being neo-confederates than you can stomach.

One can argue, of course, that this strategy was absurd and, moreover, slanderous. But the fact is that the leftist elite had just one card to play and they played it; that being that the Republican assault on the Leviathan was, clear and simple, racism masquerading as federalism.

And it worked. With a little manipulation of the language, the liberal Democrats, the media, and the rest of the ruling class were able to convince themselves and at least some small segment of the population that both Reagan and the Republican Revolutionaries represented the same old, same old. The left was able to preserve its own image of itself as morally righteous anti-federalist crusaders and was thus able to survive the federalist onslaught, even as the public began to question openly and seriously the notion that the interminable expansion of the federal government could be justified.

Now, the ultimate problem with both the Reagan-led and the Gingrich-led federalist revolutions was that they were, by and large, top-down movements, and as such were dependent on their leaders. What this meant was that they inevitably ran out of steam, as their leaders either withdrew from the public scene, as in Reagan's case, or were co-opted into the ruling class, as with Gingrich. In both cases, the federalist response to an unrelenting expansionist federal government gave way, in time, to even further expansion and allowed the expansionist left to believe that it had won the argument, had repelled the forces of racial reaction, and had upheld the notion that any and all challenges to federal authority were both malevolent and bound to fail.

And this brings us back to the tea party movement, which may well be the first enduring, large-scale, popular opposition to federal government expansion in at least 150 years that cannot be successfully accused of having any racial overtones whatsoever, and is truly dedicated to freedom from an increasingly oppressive, corrupt, and out of control government.

As such, the left wants desperately to dismiss this movement as it did Reagan and Gingrich. But it can't. It is one thing to label one man or a handful of men closet racists. It is something else altogether to try to pull the same trick on millions of your fellow countrymen. The left has been reduced to screeching racism at every corner and, frankly, has been made to look foolish for doing so.

Surely residual racism exists in pockets throughout the country. But in a nation that, less than two years ago elected its first black president, the insistence that half of the country is in the grip of racist animosity is pathetic, to say the very least.

This is particularly so, given the fact that the impetus for this movement is a series of demonstrable and blatant overreaches on the part of the federal government, not some fantastical twinge of racist sentiment. First, the feds decided to make it a crime not to carry a federally sanctioned health insurance policy, which is to say that they decided to expand

the definition of "interstate commerce" to cover the purportedly commercial activity of existing. Then they tried – and are still trying, though regulatory means – to impose new energy taxes on a dubious nation in an effort to stop a problem that may not exist and certainly cannot be demonstrated to any reasonable degree to be a clear and present danger to the nation.

Additionally, the federal government has, as we have noted countless times before, decided to sue one of its own states for having the gall to try its darnedest to enforce the federal government's own laws, which may be the most bizarre and self-defeating federal overreach of all.

We are, as you might imagine, loath to label some event as a watershed in American politics, particularly when said event is still as ethereal and formless as is the tea party movement. That said, it's hard not to see the tea party as something different and potentially unprecedented.

The left, of course, will continue to try to fit this square peg into a round hole, insisting that any attempts to claim "states' rights" is, in truth, a not-so-subtle appeal to racism.

All of which is to say that it's probably a good thing that George Soros has a lot of money, since chances are pretty good that anything he spends on the teapartytracker business is likely to be wasted. We don't necessarily see the tea party movement as indestructible; not by a long shot. But we do find it very difficult to imagine a situation in which people will somehow forget about or simply learn to live with the infringements on their freedoms and their states' rights that have become characteristic of the ruling class in general and the Obama administration in particular.

We can't say with any certainty how the tea party movement will evolve or what its ultimate impact will be. But we can say that something is different now than it was 18 months ago. The country is in the midst of its first, full-scale, grass-roots-driven, popular movement against the centralization of power that

cannot be legitimately connected to racism in at least 150 years. This is something to behold. And more to the point, it is something about which to be optimistic.

PAUL KRUGMAN AND “STIMULUS.”

“They” say that Paul Krugman is smart. He’s an economics professor at Princeton, after all, and a Nobel Prize winner. And unlike the Peace Prize, they generally don’t hand out the Nobel Prize for Economics to any old Tom, Al, or Barry who happens to be the anti-Bush of the moment. So we guess that Krugman must, at the very least, be among the smartest four or five columnists at the *New York Times*. Not that you’d ever know it from reading his columns.

Once upon a time, the guy was considered something of a political hack, but one who, at the very least, knew his economics. That’s not necessarily so anymore. You see, Krugman’s latest obsession is the general lack of relevance of the budget deficit. Indeed, for months now, he has been insisting that the country’s debt levels are, of all things, *too low* and that the \$800 billion the Obama administration spent on fiscal stimulus was too chintzy. The guy is fixated with Keynesian stimulus and is, apparently, incapable of doing or saying anything else until he gets his way, even if he makes a fool of himself in the process and squanders what is left of his once reasonably good reputation.

A case in point is Krugman’s column from earlier this week, in which he reveals his increasing obsession with politics over economics and demonstrates either a terribly simplistic and unsophisticated view of the Great Depression or a belief that his readers are so stupid that they have a simplistic and unsophisticated view of the Great Depression.

We can’t say which is the case, but we hope it’s the latter, i.e., that Krugman is a cynical manipulator rather than an unrefined and uneducated educator. Whichever it is, his column starts off with an inanity and gets more bizarre as it goes along. To wit:

Here’s the situation: The U.S. economy has been crippled by a financial crisis. The president’s policies have limited the damage, but they were too cautious, and unemployment remains disastrously high. More action is clearly needed. Yet the public has soured on government activism, and seems poised to deal Democrats a severe defeat in the midterm elections.

The president in question is Franklin Delano Roosevelt; the year is 1938. Within a few years, of course, the Great Depression was over. But it’s both instructive and discouraging to look at the state of America circa 1938 — instructive because the nature of the recovery that followed refutes the arguments dominating today’s public debate, discouraging because it’s hard to see anything like the miracle of the 1940s happening again.

Did ya get that? Not only is Obama the equivalent of Roosevelt, but his policies have actually limited the damage to the economy. The public, however, is too stupid to get it and actually thinks that nearly a trillion dollars thrown away on propping up corrupt and outdated unions and bloated state and local governments is a bad thing. Stupid people!

Krugman insists that America is in much the same situation as it was in 1938, when fiscal stimulus had worked, but not well enough, when the public had soured on Keynesian stimulus, and when even more spending was desperately needed. The people didn’t want more government stimulus, but fortunately, Krugman continues, the stupid people didn’t get their way, because, “then came the war.”

From an economic point of view World War II was, above all, a burst of deficit-financed government spending, on a scale that would never have been approved otherwise. Over the course

of the war the federal government borrowed an amount equal to roughly twice the value of G.D.P. in 1940 — the equivalent of roughly \$30 trillion today . . .

Had anyone proposed spending even a fraction that much before the war, people would have said the same things they're saying today. They would have warned about crushing debt and runaway inflation. They would also have said, rightly, that the Depression was in large part caused by excess debt — and then have declared that it was impossible to fix this problem by issuing even more debt.

But guess what? Deficit spending created an economic boom — and the boom laid the foundation for long-run prosperity.

What we have here, in sum, is Krugman's case for more stimulus. And since Krugman is the most prominent Keynesian around these days, we also have the Keynesian case for more stimulus, which goes as follows: Initial fiscal stimuli saved the country from the worst effects of both the Depression and the current crisis, but only greater fiscal stimulus could bring a return to real prosperity then, just as only greater fiscal stimulus can do so now. Fiscal stimulus then, good. Therefore fiscal stimulus now, also good.

In order to believe any of this, one must first ignore the fact that the historical parallel is just plain silly, given that America today (or five years hence) is nothing at all like post-World War II America and neither is the global economic marketplace. There is no possible way that the United States can replicate its post-War global economic dominance, and even the suggestion is absurd.

More to the point, though, Krugman simply ignores the largely settled economic case against Roosevelt's fiscal stimulus. Prominent economists from Milton

Friedman to Fed Chairman Ben Bernanke have demonstrated, rather convincingly, that the fiscal stimulus Roosevelt provided from 1933 on did very little, if anything, to alleviate the Depression. Others, including the current Director of the National Economic Council Lawrence Summers, have made similar though somewhat less emphatic cases against attributing too much consequence to Roosevelt's fiscal policies.

One exceptionally prominent, oft-cited, and well respected study goes even further, and refutes Krugman on both aspects of his plea for greater stimulus. Not only did fiscal stimulus not cause the pre-1938 recovery, this study suggests, but the fiscal stimulus provided by World War II was not the source of the ultimate and final recovery from the Depression and the 1938 relapse. Indeed, the very idea of fiscal stimulus is considerably overrated in any honest history of the Great Depression. Again, to wit:

The possibility that aggregate-demand stimulus was the source of the recovery from the Depression has been considered and discounted by many studies. E. Cary Brown, for example, used a conventional Keynesian multiplier model and the concept of discretionary government spending to argue that fiscal policy was unimportant. His often cited conclusion was that "fiscal policy . . . seems to have been an unsuccessful recovery device in the 'thirties-not because it did not work, but because it was not tried." Milton Friedman and Anna Schwartz stressed that Federal Reserve policy was not the source of the recovery either: "In the period under consideration [1933-1941], the Federal Reserve System made essentially no attempt to alter the quantity of high-powered money." While they were clearly aware that other developments led to a rise in the money supply during the mid-1930s, Friedman and Schwartz appear

to have been more interested in the role that Federal Reserve inaction played in causing and prolonging the Great Depression than they were in quantifying the importance of monetary expansion in generating recovery.

The emphasis that these early studies placed on policy inaction and ineffectiveness may have led the authors of more recent studies to assume that conventional aggregate-demand stimulus could not have influenced the recovery from the Great Depression . . .

Despite this conventional wisdom, there is cause to believe that aggregate-demand developments, particularly monetary changes, were important in fostering the recovery from the Great Depression. That cause is the simple but often neglected fact that the money supply (measured as M1) grew at an average rate of nearly 10 percent per year between 1933 and 1937, and at an even higher rate in the early 1940s. Such large and persistent rates of money growth were unprecedented in U.S. economic history. The simulations I present in this paper using policy multipliers based on the experiences of 1921 and 1938, as well as multipliers derived from macroeconomic models, suggest that these monetary changes were crucially important to the recovery. According to my calculations, real GNP would have been approximately 25 percent lower in 1937 and nearly 50 percent lower in 1942 than it actually was if the money supply had continued to grow at its historical average rate. Similar simulations for fiscal policy suggest that changes in the government budget surplus played little role in generating the recovery . . .

The increase in the money supply was primarily due to a gold inflow, which was in turn due to devaluation in 1933 and to capital flight from Europe because of political instability after 1934 . . .

That monetary developments were very important, whereas fiscal policy was of little consequence even as late as 1942, suggests an interesting twist on the usual view that World War II caused, or at least accelerated, the recovery from the Great Depression. Since the economy was essentially back to its trend level before the fiscal stimulus started in earnest, it would be difficult to argue that the changes in government spending caused by the war were a major factor in the recovery.

Now, we bring this up today not because we want to pick on Krugman – or at least not *just* because we want to pick on Krugman. We bring it up because we think that the author of this study is important, particularly if one wants to attempt to figure out where this administration is going with regard to economic policy.

The author of the above piece, for those of you who have not yet guessed, is Christina Romer, the now-former Chairwoman of President Obama's Council of Economic Advisors. This study was, in many ways, Romer's career-maker. It put her on the academic economics map and, ironically, paved the way for her eventual appointment to the CEA. It is one of two things for which she is best known. (The other being the work she and her husband have done on the economic impact of taxes, work that also contradicts this administration's plans.)

We mention all of this because we think it tells a rather frightening story about what the next few months might hold in terms of economic policy. Romer, you see, was the point-person for the administration on the 2009 stimulus bill, which is to say that she sold her proverbial soul and contradicted her own work

to make the case for a nearly trillion-dollar stimulus package that, at the very least, she had to suspect would not work the way the President claimed it would. She was a good soldier, in other words, and did what she had to do in order to sell a policy she may not have supported personally or intellectually.

But not anymore. Romer is on her way back to Berkeley to “spend more time with her family,” which, of course, is standard Washington-speak for “we’re not going to talk about why I’m really leaving.”

This suggests to us that one of two things happened: Romer was asked to sell another policy with which she disagreed, refused to do so, and either resigned in protest or was fired for her rebuff. Either way, we’re uncomfortable with what comes next.

Christina Romer was one of the few bright spots in this administration. Although she didn’t exactly do what we hoped she’d do, she was, nonetheless, clearly competent and clearly quite brilliant. She was one of a small handful of people that a rational person could count on to keep this president and this administration from panicking and doing something really stupid.

And now she’s gone, departed under circumstances on which neither she nor anyone else will elaborate but which suggest a deep-seated disagreement with the rest of the administration over the course of policy to come. Yikes, in short.

We can only hope that the administration is not considering trading Romer’s counsel for that of the likes of Paul Krugman. As the historian Victor Davis Hanson notes, “One can read Krugman-like arguments in Greek newspapers today . . .” And that’s the last thing we need right now, Nobel Prize or not.

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