

[Monetary Policy Hearing Today, or: Ron Paul Versus the Kochtopus.](#)

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Ron Paul is holding one of his first monetary policy hearings today, and he hasn't sold out. Ron Paul is from the school of libertarians that hates D.C. libertarians, which is weird since Ron Paul is one of the most well-known libertarians in D.C. How does that work?

The term Kochtopus was originally used as a slur by some libertarians to describe the Koch brothers funded wing of the libertarian movement (Cato, Reason, etc.). There's a lot of fighting over ideology, purity, funding and intellectual legacies between two groups of libertarians that splintered in the late 1970s/early 1980s, and Paul is on the other side of that divide. Here's [a representative explanation](#) by Lew Rockwell:

This is yet another example of how the Koch Brothers operate. While their ideological institutions on public campuses or Capitol Hill operate under a veneer of libertarianism or even Austrian economics, the actual policies they push expand the State: massive money printing (for the big banks and big companies), school vouchers (to deliver private schools into the hands of government), the Ownership Society (every person a homeowner through Greenspan's housing bubble), Social Security Privatization (a new layer of forced savings on top of the present SS taxes, to benefit Wall Street), etc. Is it any wonder that the Kochs have never, in 28 years, invited Ron Paul — the only public official for honest money — to their annual monetary conference, but instead invite and hail the central bankers who can do the plutocrats so much good?

[Chris Hayes had](#) a short history of the two, where he described the paleolibertarians, centered around the Mises Institute, and cosmopolitan libertarians of the Cato Institute. Cosmopolitan libertarians is too nice a gloss on it. We know how they roll – they'll criticize QEII for pushing inflation expectations, but not state that any activity of the Federal Reserve is legalized government counterfeiting. They'll make clever historical arguments about Hayek having a lot to say about the welfare state instead of the more important argument that Abraham Lincoln was modernity first great dictator. They'll talk about coco bonds and ratings agencies when it comes to financial reform, without making the argument that 1870 was the last time we had a free and functioning banking system. Pushed into a corner, they'll probably even mumble some argument about how there could be situations for defending deposit insurance, fractional reserve banking and not having a gold standard, instead of proudly stating that these are all boots stamping on a human face forever. They're the ones that like all the pretty songs, and they like to sing along, and they like to shoot their guns, but they don't know what it means.

So Ron Paul is holding [a monetary policy hearing today](#). Is he going to keep it real, or is he going to go to cosmopolitan libertarians for experts? Scheduled to testify at the hearing:

Can Monetary Policy Really Create Jobs?

· *Thomas J. DiLorenzo, professor of economics, Sellinger School of Business, Loyola University, Baltimore, Maryland*

· *Dr. Richard Vedder, professor of economics, Ohio University*

· *Dr. Josh Bivens of the Economic Policy Institute, Washington, D.C.*

I like the title: does monetary policy ever really work? As for the witnesses, Thomas J. DiLorenzo is a senior fellow at the Ludwig von Mises Institute. He's got the Lincoln stuff down pat. He appears to be best known as an author of [Lincoln Unmasked: What You're Not Supposed to Know About Dishonest Abe](#) (example, see [this interview](#): "I saw it as my duty to spread the truth about what a horrific tyrant Lincoln was.... I think secession is not only possible but necessary if any part of America is every to be considered "the land of the free" in any meaningful sense...Lincoln was almost exclusively devoted to Hamiltonian mercantilism — high protectionist tariffs, other forms of corporate welfare, a central bank modeled after the Bank of England to pay for it all, and political patronage and matching politics....The entire agenda of Hamiltonian mercantilism was put into place during the Lincoln administration — along with the first income tax, the first military conscription law, and the creation of the internal revenue bureaucracy, among other monstrosities").

He writes less about the Federal Reserve and monetary policy. He writes about central banking policy at the founding of our country as a debate between Hamilton and Jefferson, but post WWII central banking [gets mentioned only](#) as "the Fed and its legalized counterfeiting operations" and that TARP was just like "appointing the US Treasury secretary as the nation's first financial dictator." This should make for an interesting conversation on monetary policy.

I'm not trying to cherry-pick. You can read his articles at [Mises](#) or [Lew Rockwell](#). He has his opinions and arguments. What I'm interested in is the dialectical relationship between what Ron Paul is doing and what other people on the Right are doing. By moving the goalposts and the dialogue so far to the Right, and by properly harnessing the people's mass discontent with the financial system, the crisis and the Federal Reserve, Paul's activities are going to make the idea of stripping Maximum Employment from the Federal Reserve's mandate seem downright sensible. He's going to clear the space for the idea that the regional banks chiefs, instead of being ultra-conservative people who think unemployment is fine and who want a monetary policy that benefits business interests, are "regular folks" who "get it" outside the failed navel-gazing bureaucrats of the Federal Reserve.

He's also going to make Paul Ryan look reasonable instead of someone who is both uninformed and terrible on monetary policy. In each case he's building on problems people are experiencing and pushing them further to the right. Do liberals have any type of counter-narrative rather than relying on discredited technocrat expertise?