

Either the Fed Goes, or I Do

Ron Paul retires from Congress, leaving behind a GOP that finally learned to love him.

By David Weigel

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He's finally taken over the one congressional job he's always craved: chairman of the Monetary Policy Subcommittee in the House. He's watched a number of like-minded libertarians, including his own son, get elected to Congress. In short, his ideas are finally getting taken seriously.

So Rep. Ron Paul is retiring. He won't run for re-election to the House; he'll focus on his third presidential campaign. "Running for two offices in the past as I have was deserving of some criticism," he explained, finding a way to add some self-criticism to his big announcement.

"He's had a huge impact on the next generation of people who are coming to this place," says Rep. Justin Amash, R-Mich., after hearing the news. "He's making the right decision." Amash is one of the Republicans who are making it easy for Paul to leave. He watched Paul's 2008 presidential campaign and liked what he saw. He remembered thinking: "You'd hear him speak as if he wasn't from one of the two parties."

"I think Ron proves that the tortoise beats the hare—a lesson the Tea Party has yet to learn," says Bruce Bartlett. When Paul was first sent to Congress in a 1976 special election, Bartlett worked in his office. "Ron started talking about his issues back in the 1970s and didn't really begin to get traction on them until the last few years. And during many of those years he labored in desolation with very little support or attention. Now he has succeeded in at least putting his issues and his philosophy in the forefront of American politics."

Paul believed, as the Tea Party does, in an alternate history of the 19th and 20th centuries. In that alternate history, the Civil War was avoidable, the Great Depression could have been shorter, and Americans could have saved countless

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lives and countless dollars by opting out of humanitarian wars abroad and drug wars at home. The evidence for this was in the work of Austrian economists like Ludwig von Mises and historians like Edward Jay Griffin; it was explained most thoroughly in the work of the economist Murray Rothbard, who wrote an introduction to Paul's book about the gold standard.

"The proper governmental policy in a depression," Rothbard wrote in 1963, "is strict laissez-faire, including stringent budget slashing, and coupled perhaps with positive encouragement for credit contraction. For decades such a program has been labeled 'ignorant,' 'reactionary,' or 'Neanderthal' by conventional economists. On the contrary, it is the policy clearly dictated by economic science to those who wish to end the depression as quickly and as cleanly as possible."

This was basically what Paul said when the economic crisis began in 2008. "We risk committing the same errors that prolonged the misery of the Great Depression," he said at the first congressional hearing after the collapse of Lehman Brothers, "namely keeping prices from falling. Instead of allowing overvalued financial assets to take a hit and trade on the market at a more realistic value, the government seeks to purchase overvalued or worthless assets and hold them in the unrealistic hope that at some point in the next few decades, someone might be willing to purchase them."

Paul was calling for an austere response to the crisis, excruciating short-term

pain and creative destruction that would be followed by a rebuilding. There was no public support for a plan like that—until there was. The bailout and the American Recovery Act didn't fail, nor did they bring about an economic comeback. Because they didn't, Americans were ready to hear alternative explanations for what was going wrong. Paul was ready. In the House, he held luncheons for members of Congress who could listen and talk to experts on the discarded, untested economic theories that could fix the country. One of the loyal attendees was Michele Bachmann; when launching her presidential campaign, she joked to the Wall Street Journal that she liked to read von Mises on the beach. The GOP's frontrunner in Iowa had been won over by Paul.

"His version of libertarianism is somewhat different from that of academics, and somewhat different from the so-called cosmopolitan version popular in East Coast universities and think tanks," says David Boaz, the vice president of the libertarian Cato Institute. "But in his 2007-8 presidential

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campaign he emphasized excessive spending, ill-advised foreign intervention, and dangerous inflationism by the Federal Reserve, and all those issues have become more prominent and more popular among Republican voters in the past four years."

When he ran four years ago, however, Paul didn't have any ideological competition. He was solo and sui generis. It was part of his quirky appeal. Now, there are plenty of Republicans who can call themselves his successors, and as long as Barack Obama is president, Paul's ideas are rolled into the GOP's double helix. Ron Paul used to be alone in saying no to everything, doubting that the elites were telling the truth. Now, there are plenty of other Republicans who think that way. There are real debates now about war funding and debt default. That's the legacy of screw-ups by presidents in both parties, and that's the legacy of Ron Paul.

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