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NatCom Ouster Sought: Murphy Squeals to FEC

Norman, OK - A recently appointed member of the Libertarian National Committee, the governing body of the Libertarian Party, shocked and dismayed party members by sending a two page letter to the Federal Election Commission (FEC) in early June calling for a federal audit of the Ron Paul campaign and LP Ballot Access Committee books.

Robert Murphy, a cable television technician from Norman, OK, sent a letter dated June 8 to the Federal Election Commission offices in Washington, DC (see copy of letter reproduced elsewhere in this issue). Murphy's action came despite one completed audit of the LP's Ballot Access Committee (BAC) and another audit currently underway, and was apparently prompted by a desire to discredit the Ron Paul campaign organizers and smear Paul campaign chair and 1988 BAC chair Burt Blumert.

As of late July, Murphy has promised to hold off resubmitting his letter to the FEC, after it was initially rejected for lacking proper notarization of his complaints. In the meantime, a number of LP officers and NatCom members are calling for Murphy's resignation and the LP NatCom is voting on a mail ballot to suspend him from that body.

Dropping the Bomb

In his letter, Murphy claimed that he believes actions occurred which were "improper, if not illegal" and said, "I fear that the only way my concerns can be resolved is through an independent investigation by your commission."

Murphy listed a highly selective account of some aspects of what is commonly referred to as the "Hayes affair," involving the abrupt termination of former Paul campaign manager Nadia Hayes one day prior to last November's election, in the wake of what Burt Blumert termed "financial irregularities" involving the Ron Paul Investment Letter (RPIL). Hayes also had operational control over the Paul campaign and BAC finances.

Murphy posed four open-ended questions to the FEC in his letter, rather than making a specific complaints about the conduct of LP or the Paul campaign. The four questions involved the legality processing credit card contributions to the BAC through Blumert's

coin business credit card machine and if such a procedure indicates "malfeasance, or merely incompetence," whether "a reluctance to produce accounting records" amounts to an effort to prevent a full accounting for funds, and whether or not Murphy was "required to report to the FEC occurrences which I believe might be contrary to Federal Election Laws."

Murphy further suggested that the FEC might wish to obtain minutes, audio tapes and video tapes (produced privately by Jim Turney's taping business) of the past NatCom meeting. "It is my sincere hope that you will investigate this matter" Murphy concluded, citing his status as a member of the Libertarian National Committee. He also had his signature notarized "acknowledged before me" by an Oklahoma notary public.

The FEC replied in a letter dated June 16 to Murphy that "you must swear before a notary that the contents of your complaint are true to the best of your knowledge," and indicated that they were circumscribed by federal law from acting further until a proper complaint by Murphy was re-sworn and resubmitted.

Under laws governing the FEC, the government can only initiate an audit or investigation under two circumstances, which are (1) obvious errors or omissions in mandatory contribution and expenditure reports or (2) sworn complaints alleging violation of federal law. These provisions were designed to prevent the FEC from being used to harass political opponents on the basis of anonymous "grudge" complaints.

The FEC sent copies of Murphy's letter and their reply to both the LP national office and to Ron Paul, who received them during the third week of June. The LP national office circulated copies to the LP Executive Committee LP officers Dave Walter, David Bergland, Dean Ahmad and Stephen Fielder, and Audit & Management Committee chair Gerry Walsh as well to as current and former BAC chairs Steve Givot and Blumert.

By the final week of June, Gerry Walsh had circulated copies to the entire NatCom.

Shock Waves

Needless to say, the arrival of this FEC correspondence sent shock waves through the LP.

The unprecedented call for an outside government audit of the LP and its last presidential candidate drew immediate gasps of horror and outrage. Even Murphy's political allies on the NatCom expressed surprise and anger. One was said to have been "sickened" upon reading Murphy's letter, while others expressed bewilderment at Murphy's motives and purpose.

Ron Paul telephoned Murphy soon after getting his copy. Murphy was unclear about his intention to re-submit his letter, but reassured Paul that his purpose wasn't to



Libertarian Indian activist Russell Means (in dark shirt) puts a headlock on Navajo area director for the BIA James Stevens during the July 5 attempt by Means to make a citizen's arrest of Stevens. Two BIA policemen rescued Stevens and arrested Means on four charges. Means accuses Stevens and the BIA of "a government coup de etat" in the ouster of suspended Navajo tribal chair Peter MacDonald. Photo by AP WorldWide Photos.

hurt Ron Paul. According to Paul, Murphy told him it was intended to "get Burt Blumert." Murphy expressed surprise when Paul asked him if he had considered the long run damage his actions might cause the party with future LP presidential candidates. After all, being turned in to the feds by your own party officials might give even the staunchest libertarian pause to consider an LP presidential bid. Murphy told Paul he hadn't really considered that aspect of his action.

In the meantime, other NatCom members began calling Murphy, who began saying only that he planned to hold off resubmitting his complaint until after a second audit of the BAC books was completed by LP auditor Bill Redpath, who had been asked to do a second, definitive audit at the April NatCom meeting in Washington, DC.

On June 30, former California LP chair Ted Brown sent Murphy a letter and circulated it to NatCom members, calling on Murphy to resign. Brown noted the possibility of heavy fines and disruption by an FEC audit, and observed of Murphy's letter "the bureaucrats at the FEC must have salivated when they received it." Brown noted that Murphy had violated the trust placed in him by the NatCom when they appointed him in December, and said he should "retract your statement to the FEC and immediately resign" from the NatCom.

Murphy, however, was hanging tough and had no intention of resigning. Upon hearing of this, NatCom member Matt Monroe drew up a mail ballot resolution for the NatCom calling for the suspension of Murphy from the NatCom in accordance with a special provision of the LP By-Laws which provides for suspension of LNC members for cause. Monroe's resolution, citing Murphy's letter to the

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Means Wrestled, Arrested

Window Rock, AZ - Indian activist and 1987 Libertarian Party presidential nomination contender Russell Means was arrested by Bureau of Indian Affairs (BIA) police on July 5 after Means attempted to make a citizens arrest of the Navajo area director of the BIA James Stevens in Window Rock, Arizona, site of a Navajo BIA office complex.

Means had been trying to confront Stevens for several months, according to Margot Hamilton, a former Washington state LP activist and spokeswoman for Means. Means has been calling for U.S. Senate investigation of corruption in the BIA and was attempting to arrest Stevens on six counts of lawbreaking stemming from recent BIA actions.

In late spring the Navajo tribal council (the governing body of the Navajo nation) met in session and voted to remove Navajo tribal chairman Peter MacDonald, who has been under fire by critics for his management style and alleged improper business dealings. But the meeting lacked a quorum, and thus the action to remove MacDonald had no legitimacy, according to Means and other MacDonald supporters.

However, the BIA quickly moved to recognize a new tribal chair, and the BIA moved in and fired all existing Navajo police commanders. Means has termed the action a "U.S. military coup against the Navajo nation" and cited this and other improper BIA actions, citing the federal anti-racketeering

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Murphy/FEC

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FEC as the cause, notes that it is in violation of the party's membership oath, which foresees use of force or fraud to attain social or political ends. This move would have the effect of suspending Murphy from the LNC unless the LP's Judicial Committee overturned the action within 10 days of passage. The practical effect would be limited, however, since there is only one more NatCom meeting scheduled, that to be held immediately prior to the LP national convention in Philadelphia.

Monroe's resolution was intended to reinforce calls for Murphy's resignation, and it quickly gained the endorsement of Dean Ahmad, Gary Johnson, Ted Brown, Mark Hinkle, Lew Rockwell and Burt Blumert, enabling the ballot to be sent out. Only the national LP chair can issue mail ballots without first getting the support of 20% of the NatCom. The mail ballot was sent out in mid-July and the NatCom has 30 days in which to respond.

Meanwhile, in the wake of the mail ballot effort, the party's Executive Committee began to feel pressure to act, particularly since it had been voted extraordinary new powers of action at the last NatCom meeting.

An Executive Committee resolution was drafted which likened the FEC to the IRS, the DEA and the FBI, and which noted that acting as an informant to these government agencies was an unlibertarian thing to do, with the potential to "greatly harm" the LP and its candidates. The strong condemnation of the resolution concluded only with an oblique call for Murphy to step down, saying that "the only honorable thing for you to do is to resign."

The Executive Committee wanted its resolution be unanimous, but LP treasurer Steve Fielder insisted that Murphy be approached again over the weekend of July 8-9 by LP chair Walter and offered another chance to voluntarily resign. (Gerry Walsh was on vacation and did not participate in this ExCom phone meeting.) This was done but Murphy did not take the hint and the Executive Committee resolution took effect the following week.

Meanwhile, news of the Murphy letter was slowly seeping out via the LP grapevine. The Dallas County LP passed a resolution condemning Murphy's action and calling for his ouster from the LP. Other libertarians, upon hearing the news, began to speculate that Murphy was a paid government agent or agent provocateur. Most remained baffled by his motives.

Although no one has yet publicly risen to Murphy's defense, rabid anti-Ron Paul activist Carol Moore issued a confusing and disjointed press release in early July under the banner of her personal front group, Pro-Choice Libertarians, which alluded to Murphy's actions. She attempted to link this with the recent Supreme Court decision on abortion, and Ron Paul's own anti-abortion views. And if this weren't bizarre enough by itself, Carol Moore managed to get a *Houston Post* reporter interested in the matter.

On July 8 the *Post* carried a story on page 21 entitled "Ron Paul aide target of fraud investigation," which according to the reporter, was prompted by materials and phone calls made by Moore alleging a major scandal. Neither Paul nor the Nassau Bay police department (where Paul filed charges against Hayes earlier this year) would comment, although both Robert Murphy and LP treasurer Fielder were happy to comment to the paper on the matter. Nothing new was revealed in the article. According to Paul, "this is another attempt by Carol Moore to try to discredit me because she disagrees with my stand on abortion."

Federal Election Commission
Washington, D.C. 20463

June 8, 1989

Commissioners:

I am a member of the National Committee of the Libertarian Party. At our most recent meeting (April 29-30) I learned of certain accounting procedures used by the Libertarian Party Ballot Access Committee and the Ron Paul for President Committee which I believe to be improper, if not illegal, and I fear that the only way my concerns can be resolved is through an independent investigation by your commission.

Here is a brief history of the events which have prompted this communication:

1. LP members were stunned to learn, just prior to the 1988 Presidential Election, that Nadia Hayes, Campaign manager for the Ron Paul for President Committee, was found to have embezzled funds from one or more of several accounts. It seems that during the 1988 election campaign Ms. Hayes served as the campaign manager for the Ron Paul for President Committee as well as being office manager for the Libertarian Party Ballot Access Committee (a subcommittee of the Libertarian National Committee) and Ron Paul and Associates (a private corporation which publishes a financial newsletter). It is my understanding that Ms. Hayes controlled the checking accounts for each of these entities.
2. At our December meeting, the LP Natcom was assured by Bert Blumert (LPBAC Chair) that no LP funds were involved in any embezzlement, that the BAC funds were safe and well accounted for, and that the Natcom's resolution requiring prior approval of any loans had been followed. This in spite of an FEC report filed by the BAC showing a loan of over \$27,000 from Ron Paul and Associates. Mr. Blumert brought no financial records to this meeting, and voted against an audit of the BAC funds.
3. In March, 1989 I spoke by telephone with Mike Holmes, LP Auditor, who was then in the process of auditing the books of the Ballot Access Committee. He informed me, without going into details, that there had indeed been some "accounting irregularities", which were to be expected in the heat of a campaign, but that an "amicable settlement" had been reached among the people involved, and there was nothing for the Natcom to be concerned about. (This worried me because, as a Natcom member, I considered myself to be one of the "people involved" and had not, and still have not, seen any records or notes about what "Accounting irregularities" took place, nor how they were resolved.)
4. At the next LP Natcom meeting in D.C. (April 29-30, 1989) Darlene Brinks, a Natcom representative from California, produced receipts for one of her credit card transactions. She had donated money by credit card to the LP BAC, but the receipt showed clearly that the donation was credited to Ron Paul and Associates. When she questioned Mr. Blumert about this, he explained

by saying that this was done to reduce the costs involved in credit card transactions, that the larger volume of business done by Ron Paul and Assoc. permitted a reduced charge by the credit card company. He stated that it was a common practice, and that in fact he processed many of the donations through his own business, a coin dealership in Burlingame, CA. He responded to further questions by saying that the funds were strictly accounted for, and that the Natcom had nothing to worry about. Again, the BAC Chair produced no records at the meeting.

5. A new auditor, William Redpath, has been chosen and is now conducting a further audit of the books of the BAC, but I have been told that the records are insufficient to determine if anything immoral or illegal has taken place.

My concerns are these:

1. Is it illegal to process money donated to a political party through the accounts of a private corporation?
2. Is it malfeasance, or merely incompetence, for a political party committee chair or campaign chair to allow the comingling of funds between a private corporation, a campaign committee, and a political party committee?
3. Does a reluctance to produce accounting records, a refusal to support an audit, and an "amicable agreement" between the BAC Chair, the Ron Paul for President Committee, and Ron Paul and Associates indicate or suggest an effort to prevent the LP Natcom from receiving a full accounting of how its funds were handled? Is this also true of the FEC reports?
4. As a member of the LP Natcom, am I required to report to the FEC occurrences which I believe might be contrary to Federal Election Laws?

I realize that the amounts of money we are concerned with here may be miniscule when compared with the amounts spent by campaigns in the two major parties, but it is my sincere hope that you will investigate this matter so that the members of our party can know what has really happened with their money. As a Third Party, we have enough trouble raising money without a cloud of doubt and suspicion over how the funds are handled. Records, including minutes, audio, and videotapes of the pertinent meetings are available from the Libertarian National Office on Pennsylvania Ave. in D.C.

Thank you for your consideration.

Sincerely,

Robert T. Murphy
Robert T. Murphy
2613 Boxwood
Norman, OK 73072
(405) 364-8107

STATE OF OKLAHOMA, COUNTY OF CLEVELAND

The foregoing instrument was acknowledged before me this 8th day of June, 1989, by Robert T. Murphy.



Peggy W. Rhoton
Notary Public

Murphy Responds

Although Murphy did not return phone calls by *American Libertarian* seeking comment, he did issue a nine-page single spaced memo to NatCom members and others in late July in an effort to explain and justify his recent actions.

His primary purpose, the memo states, was "to preserve the public image of the Libertarian Party." However, he says he will wait until the completion of the Redpath BAC audit before resubmitting his letter to the FEC, since his purpose "was essentially accomplished by my initial contact with the FEC."

Murphy had also contacted LP auditor Redpath prior to sending his FEC letter, according to Redpath, who declined to comment on his conversations with Murphy. This has raised the specter of an attempt to influence the outcome of what is supposed to be an independent audit, since Murphy is threatening to call in the FEC if the results of the Redpath audit aren't to his liking.

It is also unclear why Murphy says his purpose "was essentially accomplished" after sending his FEC letter, since aside from outraging a number of LP members the rejected letter has thus far accomplished nothing.

But his memo manages to convey the impression that the real motive behind his effort was political, to discredit Ron Paul and anyone who actively assisted with the Paul campaign. In a rambling diatribe criticizing the 1988 Ron Paul campaign, Murphy contends that "I'm not saying that Burt Blumert or the rest of the Ron Paul team are dishonest. I'm just saying that they have placed themselves in a position where we can't tell if they're honest or not..."

He goes on to say, "Spending well over half a million dollars in a year of campaigning is enough to give anyone used to poverty-stricken third party campaigns a taste of what real politics must be like." Later in a string of leading rhetorical questions Murphy asks, "Are their political maneuvers attempts to keep their positions, or are they trying to hush up careless, or possibly criminal negligence during the campaign?"

Murphy also criticizes the Paul campaign at length for what he describes as its attempt to "propel the party into the media limelight,

emphasizing economic freedom, sometimes with arguments designed to position the party in many ways as if we were a group of fed-up Republicans."

The nebulous "they" referred to seems to consist of anyone and everyone who played a role in the 1988 presidential campaign or ballot access effort: Burt Blumert, Lew Rockwell, Murray Rothbard, Matt Monroe, Mike Holmes (who crime seems to be "the party auditor ... worked for publisher Monroe as editor of the *American Libertarian*") and Ron Paul himself along with Paul Jacob, former national LP director under Turney and currently BAC field coordinator.

In addition to Murphy's attack on Ron Paul, the memo also contains a page long defense of the Federal Election Commission.

Murphy writes "It was my impression that the people who worked at the FEC were just clerks, lawyers, and accountants doing their jobs, no more, no less. The only people they prosecute are either criminal, like Lyndon LaRouche, or stupid, like the Populists." He also claims that LP treasurer Fielder had first notified the FEC in April "that there had been allegations of possible embezzlement from one of the LP's accounts." Murphy concludes his defense of the FEC by saying "To most people, it's a good thing, something that protects innocent citizens from dishonest, avaricious politicians. To deny this idea would be to live in a dream world, to try to argue it away with libertarian tirades about electoral freedom would be futile."

Futile or not, the LP Platform currently states "we urge repeal of the Federal Election Campaign Act which suppresses voluntary support of candidates and parties..." The LP platform has called for the abolition of the FEC ever since it was established in the mid-1970s. Murphy also overlooks the platform plank which reads "until such time as persons are proved guilty of crimes, they should be accorded full respect for their individual rights." Despite numerous references to "embezzlement" by Nadia Hayes in Murphy's letter and memo, neither she nor anyone else has yet been formally charged with any crime. The national LP has also been fined by the FEC several times in the past totaling nearly \$5,000, and 1988 LP VP candidate Andre Marrou is currently being threatened with possible legal action by the FEC, accord-

ing to documents obtained from his FEC file.

The only specific allegation Murphy cites in either his memo or his original letter is a contribution made to the BAC by NatCom member Darlene Brinks by credit card. This later showed up on her credit card statement as a charge from Camino Coin Co., Burt Blumert's personal business. Murphy makes a number of references to this incident, at one point calling it "a LaRouche style scandal by running political donations through private credit card accounts."

Murphy is either unaware of or chose to ignore the fact that the Brinks contribution was brought up at the past 3 NatCom meetings, starting with the August 1988 meeting in San Mateo by Brinks herself. Each time BAC chair Blumert explained that BAC credit card charges were run through his private business (less card handling fee charged by the bank) or the Ron Paul Investment Letter company because this was cheaper than getting a new card processing machine set up solely for the BAC. In late July, Blumert sent copies of documents to the NatCom and auditor Redpath detailing the Brinks transaction, showing how the transaction was processed and reimbursement paid to the BAC by Camino Coin.

Full Disclosure

Virtually every fact about the BAC finances or Nadia Hayes has originated from either Blumert, Ron Paul or the original BAC audit by Holmes. Yet according to Murphy, this is evidence of a massive cover-up.

The initial firing of Hayes and discussion of possible financial irregularities first came from a letter sent by Blumert in mid-November 1988, shortly after the election. In late November he asked then LP auditor Mike Holmes to conduct an audit of the BAC finances, focusing in particular on possible financial misappropriation.

Blumert then reported fully to the NatCom at their December meeting, where the LNC also voted to have all records forwarded to the Legal Committee chair Bill Hall at the conclusion of the audit.

Holmes issued the audit report in late February, which was critical of the BAC accounting and record-keeping practices but revealed no conclusive evidence of fraud or embezzlement. He did note \$28,000 in loans made

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Means Arrest

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statutes (RICO) and violations of the 1868 U.S.-Navajo treaty, as grounds for his attempted citizens arrest of Stevens in July.

But Means finally located Stevens on July 5 after weeks of being told he was "elsewhere" when Means came calling. Stevens resisted Means' arrest, stomping on his feet and biting his hand. Means wrestled Stevens into a headlock, which was broken up by nearby BIA police. Means was charged in a hearing on July 6 with four counts: assault, battery, disorderly conduct and resisting a police officer. He was released on his own recognizance and another trial hearing is scheduled for August 24.

Means was the only person arrested and no bail was required. He has several attorneys but is asking for assistance with legal defense costs.

Means contends that Stevens himself is guilty of resisting a lawful citizens arrest and should have gone peacefully with Means to the federal attorney's office, where charges would be filed against him. Obviously, federal bureaucrats are reluctant to submit to this procedure, regardless of circumstances.

Means is crusading against the BIA, which has been under investigation by a U.S. Senate Select Committee chaired by Arizona Senator John McCain. According to an investigative report published by the Phoenix area *Arizona Republic* newspaper, over 90% of the BIA budget is spent on administration, huge sums spent on equipment and material are unaccounted for, and the agency has been grossly negligent in overseeing mineral royalty and other payments for oil and gas mining on Indian lands. This investigation has already touched another part of the libertarian spectrum involving the wealthy Koch family of Wichita, Kansas for alleged underpayment by Koch Industries of oil and gas royalties (see "Koch Brothers Feud Reaches Congress, Courts," June 89 *AL*). Means' arrest attempt was part of an effort to focus attention on BIA operations and its political manipulation of internal Navajo tribal government.

Means is asking libertarians to write Senator McCain (c/o U.S. Congress, Washington, DC) and ask that the Senate Select Committee hearings be held in Phoenix, so that the affected Navajos are given an opportunity to participate.

Those wanting more information or to assist with Means' legal defense can contact: **Russell Means, Box 2029, Chinle, AZ 86503.**

Murphy/FEC

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by the Ron Paul campaign to the BAC during the campaign which had not been properly recorded in the accounts. He also noted a \$22,173 payment made to the Ron Paul Investment Letter which was misrepresented in the records as "petitioner fees" or as "loan repayment." Since this check was payable to "Ron Paul" and placed in the RPIL account, it was not known if this was a deliberate act or simply an error. He also noted payments for various expenses and airfares between the campaign and the BAC which appeared to have been paid by the wrong party, the net result being about \$7,000 owed to the BAC by the campaign.

As a result of this audit, the BAC repaid the campaign loans, and the RPIL repaid the \$22,173 to the BAC. The Paul campaign also agreed to pay the net \$7,000 in expenses incurred on its behalf by the BAC. The final "bottom line" was that the BAC came out about \$1,800 ahead.

The audit report was widely circulated in ear-

Tiananmen Square on the Reservation

Window Rock, AZ - Two demonstrators were killed by Navajo police and two other people were wounded on July 20, in the wake of a melee during a demonstration at the Window Rock, Arizona BIA office complex on the Navajo reservation.

Several hundred demonstrators were protesting treatment of ousted tribal chair Peter MacDonald when the shooting broke out. The demonstrators were unarmed, although each side claimed the other instigated the shooting. Two demonstrators were killed, another was injured and an Indian policeman was also wounded by police shooting during the attack. Police claimed demonstrators first attacked them with clubs, and that they opened fire to rescue policemen held hostage.

Contacted at his home in Chinle, AZ, Russell Means said this explanation was "nonsense," adding that "it's like the Chinese army blaming demonstrators in Tiananmen Square for being massacred." Means said he was at home, sixty miles away, during the incident, having just returned from a trip to South Dakota.

"After the BIA fired all the tribal police commanders, the (Indian) police are leaderless and lawless," Means told *AL*, and "it's a classic case of blaming the victim. They indiscriminately fired on unarmed demonstrators." He added, "this would be national news if they were shooting blacks in the streets of Detroit or Miami, but instead it's a cover-up since it 'only' involves Indian people."

Means has been sympathetic to the MacDonald forces in the dispute, but stresses that he is "anti-BIA" rather than pro-MacDonald.

He is urging libertarians and others to impartially investigate the shootings and attend his trial hearing in Window Rock on August 24, involving charges stemming from his attempted arrest of the regional BIA administrator in early July. ■

ly March and again prior to the April NatCom meeting. Neither Murphy nor anyone else raised objections about the audit at that time.

Blumert, Holmes and Ron Paul were on hand at the April NatCom meeting to answer questions, although none of the NatCom members, including Murphy, asked Paul any questions. Holmes had shipped the BAC records to Bill Hall prior to the meeting, which angered LP chair Walter, who wanted them brought to the meeting. Blumert was given 10 days to ship the records to William Redpath of Virginia, named new LP auditor at the meeting, ostensibly because his Arlington, VA location would reduce audit expenses incurred with auditing the DC national LP office. Redpath was also charged with doing a second audit of the BAC records, despite the fact that no one had raised any objections to the first BAC audit, which Walter had termed "thorough and professional."

Blumert later took a "leave of absence" as BAC chair, angry at the treatment accorded Matt Monroe by Walter at the meeting.

In the wake of the Murphy letter, Walter ordered Redpath to complete the second BAC audit by the end of July.

Motives

Most libertarians who have read the Murphy material still puzzle over his motives.

His own statements, and those of his supporters such as Carol Moore indicate that discrediting Ron Paul is at least as important to

Murphy as "protecting the reputation of the LP," his stated motive.

Most LP insiders are convinced Murphy did not act alone. Some have pointed to long-time Turney supporter Paul Kunberger, while others suspect that LP treasurer Fielder, whose name has been mentioned frequently by Murphy in his discussions with others, is involved. Fielder, however, has denied that he advised Murphy to take this action. So far, Murphy has represented to others that he is acting alone.

Most also chalk it up to internal LP politics, though no one can ever remember any past LP political battles where anyone "called the cops" on their supposed political enemies.

But Murphy appears to have misjudged the reaction by his fellow NatCom members. His action has the potential to be the most divisive issue in the LP in years. A number of party members are threatening a Philadelphia convention floor move to kick Murphy out of the LP if he isn't suspended by the NatCom first. Murphy, meanwhile, seems to view himself as a heroic "whistle-blower."

The results of the Redpath audit and the NatCom mail ballot are due in August. At the very least, Murphy has livened up an otherwise fairly quiet summer in the LP. And it isn't over yet. ■

WA LP Convention Report

Seattle, WA - Libertarians from around the state gathered at the University Unitarian Church in Seattle on Saturday, June 17 to conduct their annual convention. Forty-six voting members were present along with a dozen non-members. Southern California based libertarian activist Dick Bodie spoke at the convention dinner.

Delegates to the September national convention in Philadelphia and state party executive committee officers were elected.

Marla Bottemiller of Bellevue defeated Rich Shepard of Tacoma in a tight race for the state chair. In her term as head of the state party, Ms. Bottemiller hopes to "let voters know about and participate in the tradition of our Founding Mothers and Fathers." Bottemiller is a relative newcomer to the party and works at Microsoft. She is also a single mother.

In platform debate, an attempt to neutralize the party's pro-choice plank on abortion failed, sparking heated debate. ■

Lewis Hired by California LP



California LP chair John Vernon (l) and newly hired state LP field coordinator Jim Lewis (r) with the newly acquired "Liberty Van." Registering new LP voters is a priority for the country's largest state party organization.

San Jose, CA - The LP's 1984 Vice Presidential candidate and convicted federal tax resister Jim Lewis was recently brought on board by the California LP as a traveling Field Coordinator, with the mission of building up the CLP from the grassroots and gaining attention for the Party while serving as a "traveling salesman" for liberty.

Lewis, originally from Old Saybrook, CT, formerly worked as a national salesman for a bookbinding firm and spent nine months last year in a federal minimum security prison after being convicted of three counts of "willful failure to file" income tax returns. Lewis is one of the LP's most articulate opponents of the U.S. income tax, which he opposes on strict constitutional grounds.

Lewis visited with California LP chair John Vernon and members of the state Executive Committee this spring, and was offered the position of traveling Field Coordinator on a tentative basis provided sufficient funds could be pledged.

On July 1, Lewis headed out to the Los Angeles area where he temporarily is based out of CLP chair John Vernon's Van Nuys home. Actually, Lewis will be home where ever he hangs his hat, since the arrangement also includes Lewis's use of a Ford Aerostar "Liberty Van" to be used as a traveling billboard, office and home for his field organizing activities. The van will also house supplies and literature and sports large white

and blue (on red) messages reading "Just Say No to Big Government. Vote Libertarian" and "Break the Habit. Vote Libertarian" on the two sides along with the California LP's "800" toll free outreach phone number.

The California LP is also asking Libertarians to provide temporary lodging for Lewis while he's in their area, which has already resulted in invitations from Marian McEwen, Wayne Nygren, and Susanne and Dean Anschultz. Lewis's first assignment was to head to San Diego over the July 4th holiday weekend, home to one of the most active county LP organizations in the nation.

Lewis's mother Dorthy told *AL* that "he was surprised that the federal parole authorities were so ready to let him travel to California" to take his new job, but figures that they were happy he found employment, and perhaps would begin paying his taxes.

The Field Coordinator position is being supported by a special CLP monthly pledge fund, which will cost about \$3,400/month including expenses.

CLP chair Vernon is himself paying the monthly van payments and is asking California LPers to contribute one hour's wages per month to support Lewis in the field.

Those interested in the project, providing housing for Lewis or committing to a monthly pledge, are urged to contact: **CLP, c/o Libertarian Party Headquarters, 2156 The Alameda, Suite B, San Jose, CA 95126, (408) 243-2711.** ■

Libertarian Outlook

NatCom Stool Pigeon

"A good definition of a libertarian is someone who doesn't turn you into the police when he disagrees with you." — Karl Hess

It is with great sadness that we must now contemplate the bizarre doings of Libertarian Party National Committee member Robert Murphy. He has been active in the Libertarian Party for a long time, served a previous term on the LP's governing board, and was appointed to the current NatCom in December to fill a vacancy created when Steve Fielder was appointed LP treasurer in the wake of the Jim Turney chair resignation. Murphy has even been a contributor to *AL* in the past, chronicling his efforts to interest musician Frank Zappa in the 1988 LP presidential nomination.

But in sending his two page notarized "rat fink" letter to the Federal Election Commission in June, for what appears to be pure petty political in-fighting reasons, Murphy has stepped way over the line of acceptable libertarian political behavior. Murphy's call for a government audit of the Ron Paul campaign and the LP's own Ballot Access Committee reflects a total lack of judgment on his part and a callous disregard for the principles which the LP attempts to espouse.

The party has conducted two audits of its Ballot Access Committee, and former Paul campaign and BAC chair Burt Blumert has made two oral reports and two written reports to the NatCom about the matter. Ron Paul himself was present at the last NatCom meeting to answer any questions about these matters. Murphy was present at these events, and neither he nor other members of the NatCom asked Paul any questions whatsoever. Instead, Murphy waited two months, in the middle of yet another audit by the LP, and sent a letter to the government seeking moral and ethical guidance from the State about the matter. Under federal election law, a sworn complaint is one of the few ways an FEC audit can be triggered. Murphy, of course, cited no new facts or evidence in his letter, nor has he ever explained to anyone why the LP's own numerous fact-finding efforts are proving insufficient.

Some might argue that Murphy was naive, that he was put up to this repulsive act by other political intriguers who for obscure reasons of their own want to hurt the LP and its 1988 presidential candidate. But Bob Murphy is a big boy, with prior experience on the NatCom. He knew what he was doing and went to a considerable degree of trouble to inform on fellow libertarians to the government. His motives have nothing to do with promoting the sacred cause of Liberty, but everything to do with the rotten stink of internal political wrangling by would-be LP politicians slitting throats on their way to the top of the Libertarian Party heap.

Libertarian Party members all sign an oath when they join the party forswearing use of force or fraud to obtain social or political ends. There is a good reason for this oath, despite its unpopularity with some libertarians and its openness to interpretation. This oath reminds LP members that it is impermissible to abandon libertarian principles in the pursuit of short-run political objectives. If being a Libertarian Party member means anything at all, it means this.

But Robert Murphy has blatantly ignored this guiding precept. He has flagrantly and brazenly rubbed the nose of every LP member in the stench of his stool pigeon tattling to the federal government, in a vain effort to hurt his imagined political foes in the LP.

Few government informers go to the trouble of notarizing their work.

Matt Monroe, publisher of this newspaper and member of the Libertarian National Committee, immediately launched a mail ballot of the NatCom to suspend Murphy from his post, as provided under the national party By-Laws. Monroe, a Polish immigrant, said "I left Poland because I didn't want to be pushed around by the government, and I joined the LP in this country for the same reason. Government informers have no place in the leadership of our party."

Only after this mail ballot was underway did the top party leadership under LP chair Dave Walter, by Executive Committee resolution, take action, "inviting" Murphy to resign. This weak-kneed response indicates that the infectious rot of "Murphyism" has penetrated to the very top levels of the party — where political expediency takes precedence over honoring libertarian principles.

The mail ballot will provide NatCom members the opportunity to go on the record on this issue, although its practical value is limited since Murphy's term on the NatCom is nearly over anyway. But the symbolic importance is very real: either the Libertarian Party National Committee is a safe and happy home for government stool pigeons or it is not.

American Libertarian has opposed the idea of internal political purges in the LP in the past. In general such actions do not further the cause of liberty. But in Robert Murphy's case we make an exception. Such a gross violation of the party's purpose and methods cannot go unnoticed or unpunished.

In addition to kicking him out of the NatCom, members of the LP's national convention should also suspend him from party membership. There are other political organizations where government agents would surely be more welcome than in the LP.

And if in two years or so Robert Murphy has had time to study and reflect upon the error of his ways, and through constructive action for liberty he demonstrates that he truly understands the meaning of the libertarian ethic, then and only then should he be offered the opportunity to re-join the Party of Principle.

It is a sad day for the LP. But either Murphy goes or we go. We cannot countenance membership in a party which harbors and honors government stool pigeons. ■

Adopt Soviet Election Reform

While most would regard Russia as a poor place to look for meaningful democratic election law reforms, we should also give credit where credit is due. As a consequence of *perestroika* and *glasnost*, recent Russian and Polish elections have seen the use of a novel election idea which has much to recommend it.

Similar to the libertarian notion of None Of The Above voting (NOTA) used only by the Libertarian Party for internal organizational elections and in a weak form in elections in the state of Nevada, the Soviet election reform involves voters being able to cross out the names of candidates on the ballot whom they oppose and wish to "un-elect," as it



were. If a majority of voters strike out all the names listed, then new candidates must be selected and the old ones are excluded. This is particularly important when access to the ballot is limited, as historically been the case in Communist nations. Of course, this has also been the case in the U.S., where only major party candidates are regularly assured access to primary and general election ballots.

Not only is this electoral modification a good idea, but it actually has worked in both Russia and Poland. Much to their embarrassment, a number of high ranking Communist Party candidates were "un-elected" in recent rounds of legislative voting by average Ivans and Olgas fed up with the choices offered.

If American voters were allowed to cross out candidates' names from their ballots, you can bet that we would be offered a more diverse, varied and better choice of candidates.

Just Say "No" to Government Approved Candidates! Sounds like a good idea to us. ■

Feedback



Letters Policy

Letters are accepted provided they carry the author's name and address. A phone number should be included for verification purposes only. Letters

should be kept short and are subject to editing. Letters submitted to other publications will not be considered. Send to: Feedback, *American Libertarian*, 21715 Park Brook Drive, Katy, TX 77450.

1991 LP Convention Update

Re: "Politics as Usual," May, 1989 issue of your publication.

Please be advised that Steve Givot is not nor has he ever been a partner in the 1991 Chicago LP Convention.

The 1991 Chicago LP Convention is being organized by The Libertarian Education Institute, Ltd. (LEI, Ltd.), which a non-profit corporation organized under the laws of the State of Illinois, whose purpose is the education of the general public to the writings of libertarianism through seminars and conventions.

LEI's Board of Directors include the following individuals:

Robert Coolidge, former LP of Illinois state chair and student architect.

Mary Alice Strazalka, fundraising activist for the LP of Illinois and bank executive.

Susan Debusk, member of both the LP of Illinois and Florida; current member of Florida's Excom, who has professional meet-

ing planning experience; professionally, she is a medical industry executive.

Scott Walton, current LP of Illinois treasurer (since 1987) and business consultant.

Myself, Susan H. Walton, current LP of Illinois chair. Professionally, I am a meeting planner and business consultant.

As per our contract with LNC, LEI must submit reports to the LNC's convention oversight committee as well as the full NatCom for each of their quarterly meetings. We do this by submitting reports to the Convention Oversight Committee composed of Peggy Jeney, Tonie Nathan and Steve Givot. Mr. Givot makes oral reports at NatCom meetings for us.

Your story also stated that the profits from the 1987 convention were about \$30,000; since we've asked repeatedly for the num-

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American Libertarian

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Feedback

From page 4

bers and have not received them, we'd love to know your source. Peggy Jeney gave LEI the 1985 Phoenix convention figures as soon as we requested them.

Susan H. Walton
The Libertarian Education Institute, Ltd.
Evanston, IL

Ms. Walton's letter correctly points out the error in our article regarding Mr. Givot. We apologize for any misunderstanding.

As of mid-June no financial results have been released by the non-profit group which ran the 1987 Seattle LP convention; the figure cited in our article is an estimate based on a number of sources.

LaBeaume Response

Judging from the letters of Terry Inman and Eric Rittberg (June AL) certain readers did not fully understand the main point of my previous letter, which was evidently written unclearly.

In the letter I was arguing against the formation of an official "youth arm" of the Libertarian Party, **not** planned attempts to bring more young people into the LP or the general concept of student activism. I support efforts to attract youth, especially through a reduced LP membership fee for students (which, by

the way, LROC has) and I think student activism can be extremely beneficial. However I question whether a political party can properly and effectively run a student organization.

Independent (that is, not officially affiliated with a political party) student organizations, such as Students for a Democratic Society and Young American for Freedom, have had a far greater historical impact than those affiliated with a political party, such as the Young Democrats and the Young Republicans (the most they ever do is paint cutesy little signs in red, white, and blue to wave at Bush's limosine as it passes).

As for possible discrediting by the media, just look at the way they have treated flag burner Gregory L. Johnson of the Revolutionary Communist Youth Brigade. Every time Mr. Johnson begins to give some of his nonsensical social and political commentary, the television show host changes the subject or just simply ignores him. After all, Mr. Johnson deserves this treatment; he is now in his late twenties and is not pursuing any post-graduate study, which makes one wonder why he is still active in a "Youth Brigade." It is these circumstances which lead to questions and allegations of political cults, especially with third parties. The media, as lazy as it is in general, tends to lump all third parties into the same category and **might** suspect the same of the LP.

John LaBeaume
University City, MO ■

Guest Column:

Murphy Must Go!

by Murray N. Rothbard

Murray Rothbard, also known as "Mr. Libertarian," seldom pulls his punches

I would like to go on record as wholeheartedly endorsing the AL editorial in this issue on Robert Murphy. There have never been any "purges" in the Libertarian Party, and no one wants to make a purge of losing factions a systematic part of Party life. (Contrary to some accounts, the Crane Machine was **not** purged after they lost at the 1983 Presidential nominating convention; they simply stomped out of the Party after their first convention defeat.) But there is some behavior that is, or should be, absolutely unacceptable in any group. And one is serving as a government stool pigeon and informer. That has been the ideological and social crime committed by Robert Murphy, NatCom member from Oklahoma.

Murphy has called in the Feds, sending a letter protesting alleged irregularities in the 1988 Ron Paul Presidential campaign and LP Ballot Access Committee to the Federal Election Commission, one of the most despotic agencies in the federal arsenal, and an organization whose very existence is devoted to crippling independent political campaigns. If any irregularities were committed in the presidential campaign, they were decidedly victimless crimes; for the FEC's restrictive regulations only serve to hobble the public's right to free assembly and to support the campaigns of their choice. Do victimless crimes, especially those that generously support Libertarian campaigns, constitute sufficient reason to rat to the Feds?

One Murphy alibi for his despicable act is to try to prosecute Nadia Hayes for alleged perculations. But the Federal Election Commission is not equipped for, nor are they interested in, prosecuting genuine crimes. **That** is the province of the police, district attorneys, etc. The FEC's role is to inflict penalties for victimless crimes, and to tie up its victims in years of expensive legal defense. Is **that** what Murphy wants by call-

ing us to the attention of the Feds? Because that is what we are likely to get.

There is no excuse whatever for Robert Murphy's contemptible act. In any ideological movement, stoolies and ratfinks are treated with utmost severity, as witness the "necklacing" of stool pigeons in South Africa, or the punishment meted out to Victor McLaglen in that grand old movie, *The Informer*. As libertarians, of course, we cannot mete out any sort of violent punishment to Robert Murphy. But we can and must treat him with utmost non-violent severity, which includes shunning, banishment, non-cooperation, etc. We must treat Robert Murphy for exactly what he is: a pariah among men.

Let us make no mistake: there is no room in the Libertarian Party for Robert Murphy; the party welcomes all tendencies, but it is not big enough to include both Robert Murphy and any libertarian of probity and good will. As soon as his iniquity came to the Party's attention, he should have been booted out of NatCom. Although there are no By-Law provisions for expelling Party members, the Party should make clear by resolution at Philadelphia that Murphy is not welcome in our ranks.

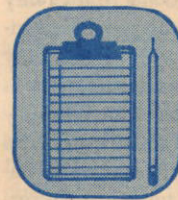
What, then, was the reaction of our august national party leadership to the detestable action of Robert Murphy? Was he quickly suspended from office? Hell no! The Waltersian leadership piddled and fumbled, and after many weeks, came up with what they presumably thought was bold and decisive action: humbly requesting that Murphy resign his post on NatCom. But Murphy promptly said "No," and proceeded to engage in moral blackmail by saying that he will not send the final, correctly notarized version of the letter to the FEC provided that the Redpath audit of the Ballot Access Committee is concluded promptly and to his satisfaction. Can you imagine the gall of the rat Murphy: sitting on his Olympian throne and dictating conditions to the Libertarian Party?! This outrage must stop! As with all other blackmail, if we submit the

Party will then be held hostage by any swine who threatens to turn us in to the FEC.

It is a shame that creeps like Murphy have been allowed to breed and fester in the Party, especially because many prominent people have expressed interest in running for President on the Libertarian ticket in 1992. But who will want to run on our ticket if we are to surrender to any swine with a blackmail threat, and if we maintain stoolies and blackmailers in high positions in the Party?

There is no doubt about it; this is it. Here is an issue that transcends all the other problems and conflicts that the Libertarian Party has faced in its eighteen years of existence. Murphy must go; it is as stark as all that. And those who have succumbed to Murphyism—that is, who are soft on and coddlers of Murphy—must be cast out of leadership positions in the Party. You cannot be a leader and waffle on the most important moral and practical issue that the Party has yet faced. ■

Political Notes



Libertarians Protest Chinese Massacres

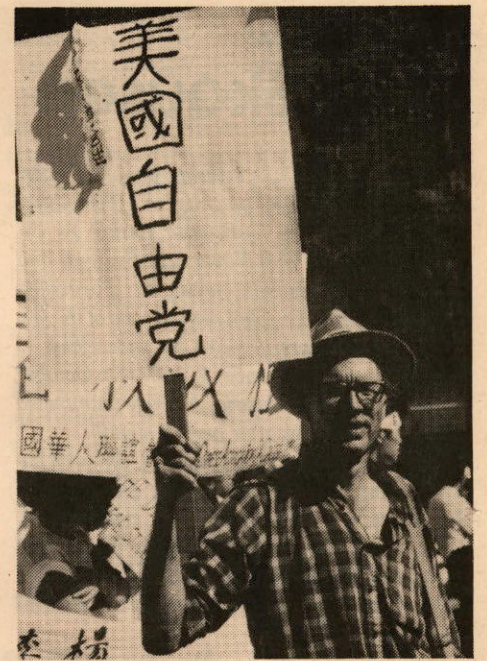
Washington, DC - Libertarian Party members in the nation's capital and in two California cities demonstrated against

Chinese government murder of Beijing students in early June.

On June 4, Libertarians joined other protesters in a candlelight vigil and subsequent demonstrations at the Chinese Consulate in Los Angeles, where a libertarian rattlesnake "Don't Tread On Me" flag was hoisted by an LP contingent, which included state chair John Vernon and activists Bob Weber and Ernst Ghermann.

Marin County LP co-chairs Greta and Bob Bickford organized a June 10 protest in front of the Chinese Consulate in San Francisco at noon. That evening the Libertarians joined

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Several Los Angeles area Libertarian Party members attended a demonstration protesting the government massacre of thousands of students and workers in early June in Beijing's Tiananmen Square. Libertarians here and in San Francisco carried signs of support in both English and Chinese. Photo courtesy of Neal Donner.

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AL Interview Mark Skousen

Mark Skousen, PhD. is the author of such best selling investment books as *High Finance on a Low Budget*, *The Complete Guide to Financial Privacy* and *Never Say Budget*, and also edits the investment newsletter, *Forecasts and Strategies*. Dr. Skousen was one of the few investment advisers to warn his subscribers to sell all stocks on September 8, 1987 (On October 19 the Dow Jones Industrial Average plummeted 508 points, 41 days after his sell signal).

Of keener interest to libertarians, Skousen endorsed Ron Paul's candidacy for President on the Libertarian Party ticket. The endorsement, follow ups on the campaign, and remarks about the media blackout/coverage of the Paul campaign were featured throughout *Forecasts and Strategies*.

Skousen took his baccalaureate degree at Brigham Young University and doctorate in economics at George Washington University. Dr. Skousen is a member of the White House Press Corps and a lecturer at the Ludwig von Mises Institute. Presently Dr. Skousen is an adjunct professor of economics and finance at Rollins College in Winter Park, Florida.

Later this year NYU Press will be publishing Skousen's latest book, *The Structure of Production*, an Austrian analysis of macroeconomics. This interview was conducted February 23, 1989 at Rollins College by Alan Turin, a veteran Florida LP activist and long time libertarian.

AL: You have come out against Treasury bill investing, much more so than any other investment newsletter writers of the hard money/pro-free market world. How do you feel about T-bills and why?

Skousen: I have always found it probably the most ironic developments in the conservative/hard money/free market movement that the most vociferous critics of the federal

government wasteful, pork-barrel spending are the very people going out and funding the high spending, high deficits by purchasing U.S. Treasury securities.

Free market/hard money economists are always talking about making the hypocritical link between gold and T-bills as being two, safe insurance vehicles against bad times. To me this is totally contradictory. Because one investment represents the market. Pure money, real money, that is: gold. And then you have this fictitious money that could disappear overnight through a decision on the part of the government, which many governments have done in the past, through repudiating their debts. They could repudiate Treasury bills. You can't repudiate gold. You can confiscate gold, but you can't repudiate gold.

But you keep hearing this phrase: "If you want absolute, no risk, risk-free money, you put it into T-bills." I reject that out of hand. It is not risk-free. There is a risk. The risk is government repudiation of the debt. At this time I freely grant that that is not likely to happen. It would be a mistake. A pure blunder for the government to do that. They would lose. They never give up power voluntarily. But the government does inflate, they do play a lot of games. And inflation is definitely a risk when you invest in Treasury bills or any other type of debt instrument. So I've argued that as long as you have alternatives, and there are some very good alternatives to T-bills, conservative investors in particular should choose commercial, private alternatives to government securities.

If we can broaden this beyond Treasury securities and talk about government securities in general, there is no question that the government offers a much better deal to investors just from a practical point of view. Their securities are less risky than private issues. Corporations can go bankrupt, before the government ever does. So they have that advantage. Plus their market is so large, the market for Treasury securities is so much



Libertarian economist and investment advisor Mark Skousen. Photo courtesy of Alan Turin.

bigger, it is two to three times bigger than the one for corporate or municipal bond issues, that they have much better liquidity for their investments. And both of those are major advantages over the corporate ones.

But because of that we are having tremendous crowding out of corporate debt. This is very negative for real productivity, real economic growth in this country, the fact that the government has such a huge part of the financial capital markets. Individuals are having a tough time raising funds for legitimate businesses and new technologies. I think it is very destructive to encourage this sort of thing by going out and recommending government securities and government-only money market funds, and to talk about the "risk free" nature of such things.

AL: The other thing is if they repudiate debt they probably won't have the decency to say, "This is a repudiation!" In other words you don't get the crisis labelled as the crisis predicted. Let's say a default, pick any country, and the T-bills are not being defaulted on, but "temporarily rescheduled" owing to the exigencies of the fact that, for example, Chase Manhattan went under or some other excuse.

Skousen: Yes.

AL: So you get then the worst of both worlds. You get the repudiation in fact and yet you still pretend you have a safe and guaranteed market.

Skousen: It is interesting that the news editor of the *Wall Street Journal* Albert Malahre, suggested in his book *Beyond Our Means* the very possibility that the government could do some rescheduling. They would be forced to do some rescheduling, a moratorium, "it's not a real default" but an indirect default on some of its (the government's) securities.

I really think that is the last straw. If that ever happened, it would be the last thing. You would see a lot of other things happen before they would ever do that.

There is no question that the interest expense has reached monstrous levels as far as the federal government is concerned. At some point something is going to have to be done. It does seem to be like a time bomb that is going to eventually blow up in the government's face. Another thing you have to be concerned about is the possibility with these huge interest expenses that the whole bond market will really suffer and become illiquid as a result of it.

The bond market is still very real, you still have 30 year issue bonds, although it is a small percentage now, compared to the shorter term. All government bonds are going to shorter term. Again, this is bad economically. It is taking a Keynesian approach, which always means short-term, rather than being long-term. One fear I have is that eventually we will turn into countries like Latin America, where there is no bond market.

There is no long-term bond market, let alone a short-term bond market for these highly inflationary or inflation oriented countries.

We haven't entered that stage yet with the major industrial countries. But we had a glimpse of it in the 1970s. The bond market was severely restricted because of the inflation factor. And we could go back to that in the 1990s. Considering the huge debt that the Reagan Administration ran up, it could present a real problem.

AL: The thing I find is interesting is this. It is 1989 today as we speak. Twenty years ago and one month ago Richard Nixon was sworn in as President. And that was the last time in my lifetime, 1969-70, that the federal government balanced its budget. In my entire lifetime they have balanced the budget three times. So if you had an entity that issued its paper, that had not made a profit or broken even in twenty years, but it's name wasn't the US government, you would be extremely leery of loaning money to it.

Skousen: Well, there are some differences. The federal government has the power to tax, and no corporation has the power to steal from other people. And no corporation has the power to counterfeit. The government has the power to counterfeit. They can go a lot further than they have done in terms of inflating, running deficits and that sort of thing.

AL: My point was no balanced budget in a full generation. A person who was born when Richard Nixon was sworn in, could have been voting two years ago, is almost a full generation. You had twenty years of mis-management. A corporation admittedly doesn't have the power to tax or anything else like that. But it would not be looked upon as something you would want to loan to. Simply because it was mis-managed.

Skousen: There is one other factor you are overlooking. That is the assets behind the company. For example ATT, and many other major corporations such as Exxon and GM, have issued long-term notes on a regular basis, year after year. And will continue to do so, because they have heavy assets behind it. So it is not whether they are issuing debt instruments. That's not the factor. The factor is profitability and earnings when it comes to a company.

When it comes to the United States, they have a great system. They have an extremely advantageous system from their point of view. In terms of obtaining assets from people. The withholding system is a very efficient way, a very convenient way to take large amounts of money from people.

AL: For which we can thank Prof. Friedman.
Skousen: Oh no, they would have discovered that. I don't really blame Friedman for that. It would have been discovered by someone anyway (laughter).

But it is amazing considering they have that ability (withholding) and that it still is not enough. They have to go out and inflate and borrow additional funds in order to cover themselves.

I think it is extremely important that Libertarians and conservatives have a vision, take a broad view of things. Rather than look at it from a personal, investment strategy. So I always encourage investors to look for private alternatives first before they consider any type of government investment program.

AL: Using that as a guide, if you really wanted to invest in government issued debt instruments, you've got several states which issue debt instruments that are constitutionally required to have balanced budgets. So the chance of a default there would be remote.

Skousen: Well, I am not opposed to municipal bonds. I do recommend munis. Even though it is a government issue. I like revenue bonds in particular, where bonds are tied to specific projects, an airport or what have you, and they are providing a real, legitimate

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Mark Skousen

From page 6

purpose. They may not be providing the most efficiently run program, but they are providing a real, legitimate service or product. So I see no problem. In fact, I am a strong believer in getting them. Besides that, it's tax free. So you have that additional kicker. So I am very much in support of municipal, revenue bond issues. What I am opposed to are federal issues. Which I think is pouring money down a rat hole.

AL: Turning away from that issue of T-bills and government debt. You have also come out very strongly about the growing confluence of investment newsletters which aren't just giving advice any longer about what to do with discretionary income in terms of investing. But rather they are now marketing their own products. There was a speech you made at Crater Lake, Oregon. Would you care to expound any further on that?

Skousen: On a broad level I'll talk about the hard money investment newsletter business. The 1980s has been a difficult period for hard money investors just because gold and silver have not been in bull market the entire time. In fact, it has been rather spotty. Most of the time it has been in a flat or bear market in the entire 80s period. It has been a difficult time for people who have concentrated on purely gold and silver, in hard assets and Swiss francs. I have broadened my interests beyond that. I am much more involved in the stock market per se, the bond market, foreign stocks and so forth. And my income has increased dramatically and consistently in that time. Because I have been willing to diversify. Plus I have had a pretty good track record, which doesn't hurt.

A lot of people in the hard money movement, especially those who have stayed with gold and silver, have found that they have needed to supplement their income. Because they couldn't make it just writing a newsletter. So they have gotten into product selling. And unfortunately some of them have even gotten to the point of taking stock for recommending stock, and other indirect ways of being compensated for recommending individual issues. I think that is a big mistake, even if it is disclosed.

It's a mistake to get involved in that type of thing. Because I think that what people want more than anything is independent investment advice. They don't like to be promoted on everything. Let's face it, if somebody is recommending gold and has a coin business and recommends that coin business, "And I think gold is a great investment. And now, by the way, I am selling these gold coins!" Investors are rightly suspicious.

I know too many hard money investment writers who are constantly pessimistic about the future, were always attacking Reagan, for doing the wrong thing. Always saying interest rates were going up, inflation is going up, we're in big trouble, always would focus on the negatives: the deficit, the trade deficit or the federal deficit, all of these things. Why? Because they were selling gold and silver coins. And bad news sells gold and silver. Good news doesn't. So I think it is an unfortunate trend.

And it is one I have going against. I think there is a niche in this market for individuals like myself who have decided that they are not going to sell products. We sell information, and that's all we sell. And probably the number of people you can do that with, you can count on your fingers. There's Richard Band, myself, Dick Russell, Harry Browne ... that's all I can think of. There may be a few others ...

AL: Speaking of information, there was one particular piece of information repeated several times when you were calling the imminent turn of the stock market in 1987. I think you can

count on one hand the number of investment newsletter writers who were calling in the late summer/early fall of 1987 the imminent weakness of the stock market.

Skousen: Oh, no. On the contrary, almost everyone I know did that. Everyone I know says they were warning people about the stock market collapsing.

I mean it is just amazing how many people came out of the woodwork saying they warned people in advance. The difference is this: A lot of people "warned." They had certain things in their newsletter indicating there was trouble. But mine was one of the very few, when you talk about numbers of people on fingers, mine was one of the very few who actually said, who sent out a special alert to my subscribers, on September 8, and I gave an all out sell signal from the stock market.

I did not say reduce your exposure to the market, or you ought to be cautious, and put in some stop losses or that sort of thing. I gave an all out, sell signal. And I even used some pretty strong language about what I thought the market would do. I thought it was the coming credit crunch, the rise in interest rates was going to "devastate" the market. Those are the words I used. But I would say I did not call the crash. I gave people an all out sell signal. I said the stock market was going to drop 500 points. But I did not say it was going to drop 500 points in one day. OK? And I don't know anyone who did. That was just as much a surprise to me as to anyone else.

So I did not call the crash. I did not expect the stock market to crash. I expected a stock market to decline 500 points over a three or four month period of time. To be fairly gradual. But not a one day swoop. That was a shocker.

AL: In terms of good things happening in our economy, what do you hope for or forecast?

Skousen: I'm hoping that Bush will be able to push through this sharp drop in the capital gains rate - 15%. I like the overall objective of bringing capital gains tax down to a low level. I'd prefer to see it at zero, because I believe all investment income and profit should be totally tax free, simply because taxing it is a form of double-taxation. We've already earned it. You've paid tax on your income. Now you've saved this additional money and to be required for records-keeping and paying a second tax is very discouraging for the saver.

The smart countries, like Japan, the Netherlands, West Germany, Hong Kong - all of these countries do not penalize their investors. There is no long-term capital gains tax at all. In Hong Kong there is no tax on interest, dividends or capital gains, and is one of the reasons why they have had such explosive growth. Taxation is at very low levels for investment capital. This is a significant and necessary thing we must do in this country if we want to get back on track.

So, a 15% capital gains rate is a good idea. Unfortunately, Bush's proposal is too complex. He wants to make only long-term assets, held for more than one year, to qualify for the definition of long-term capital gains rate. Then he wants to, over a period of time, expand this rate to holding assets for one-to-two years, and finally to three years to qualify. I would not make any distinction. He should make it 15% for any capital gains, or zero for that matter. He's also made it more complex by saying certain investments qualify and some don't. Stocks and bonds and land can qualify, but any depreciated asset, like commercial real estate, would not. On top of this, he would not allow capital gains to be applied to art and antiques, including gold and silver coins. Gold stocks would qualify but gold coins would not.

Congressman Phil Crane has a much better bill: 15% capital gains, no distinction in long or short-term gains and no discrimination of type. That is the most ideal situation.

AL: Do you think any form of tax cut on capital gains is in the offing?

Skousen: Oh yes. There is strong support for it. It's controversial, but if the President can't get this through, then he won't be able to get anything through.

AL: He'll spend the rest of his first term vetoing things - maybe. When the tax reform was being discussed at the federal level, Dr. Gary North attributed to you the idea of just having a 20% tax rate on income if you file a 1040 form, and don't bother with the rest of the code. If it works out that you can get a lesser tax rate by using all exemptions within the current Byzantine process, then fine.

Skousen: It wasn't necessary to close loopholes. If you reduce the tax rate, it automatically discourages people from getting into loopholes. Why put \$1,000 into a tax shelter if you only save \$150 in tax? You won't do it. It's not worth the trouble. That is the basic idea.

1989 LP Races: "Ghost Candidates," Lockouts, More

Washington, DC - Internal LP politics have never been particularly comprehensible to outsiders, and sometimes, even to the participants themselves. But recent events in the race for top party leadership posts to be chosen at the Philadelphia convention have been more bizarre than most, ranging from nasty memos and verbal slugfests to "Rose garden" campaigns by "ghost candidates."

Monroe: Ghostbusting in the Rose Garden

As of late July, only three candidates have sent notification of their candidacies to *American Libertarian*, or have issued written declarations of their candidacy.

Houston cardiologist Matt Monroe, former LP membership chair and finance chair (and publisher of *American Libertarian*), announced his LP chair candidacy in January and has been actively campaigning around the nation at state LP conventions and in advertisements in major libertarian publications. Monroe visited the California/Nevada convention, the Michigan, Louisiana, Texas and Colorado conventions, and was represented at the Georgia and Florida conventions as well.

Former Florida LP chair Charles Manhart announced for vice chair in February and has visited several LP conventions including California/Nevada, Florida, Georgia and Texas. He has also been sending out a regular stream of party building suggestions to the state LP chairs.

Former Montana and Maryland state chair and former national LP treasurer Clifford Thies has also announced for LP treasurer. Thies is running for re-election, he notes, "since I was elected at the last national convention but resigned last summer in protest over public attacks on me by then chair Turney."

The three announced candidates amount to an informal slate, since all three have affirmed that they could work well together in a complementary fashion.

No other LP chair candidates have yet announced, although it is widely believed that incumbent LP chair David Walter will seek election to that office. Walter has served on the NatCom since the late 1970s and was appointed LP chair after Turney resigned in December 1988. Initially Walter said he would not seek election to the chair's office, but reportedly changed his mind last spring.

Walter has not run an official campaign, preferring to run what Monroe has publicly termed a "Rose Garden" strategy, named for the White House garden that presidential incumbents prefer to use for press briefings. Walter has also launched what amounts to a

AL: It seems that the biggest cause of tax evasion is the IRS and extortionate tax rates. If we get capital gains reduction and it is made effective this year, it would preclude Dr. Ravi Bahtra's claim of a depression by 1990.

Skousen: It would be very positive for the stock market and positive for venture capital and all capital markets. We would be beating foreign governments at their own game by encouraging investment for the first time in many years in this country.

We should also expand the IRAs to huge amount, allowing people to invest up to \$30,000 in their IRAs, irrespective of income, and pay no tax. Instead, we've reduced the usefulness of the IRAs. There are lots of things we could do to encourage investment and stimulate business activity in this country. We need monetary reform also. We have to get out of this boom-bust, stop-go approach that the Federal Reserve has taken.

AL: Thank you Dr. Skousen. ■

near cult-of-personality barrage of internal LP memos, front page columns in *LP News* and fundraising letters signed by himself, unprecedented in the history of LP. His monthly six page memos, invariably full of glowing praise for his accomplishments, have been dubbed "Waltergrams" by some LP observers, and he has recently taken to authoring unsigned "Inside the LP" columns in the SIL newsletter *Individual Liberty*, edited by himself and longtime Walter sidekick and SIL co-director, Don Ernsberger.

Monroe partisans have termed Walter a "ghost" candidate, avoiding the expensive public campaign route of meeting LP delegates in convention and answering questions, in favor of an undeclared candidacy utilizing all the resources of the Libertarian Party apparatus to publicize his views.

Monroe has come out strongly in favor of reducing the size of the NatCom, launching new candidate and student outreach programs, and professionalizing the management of the LP. In his recent *LP News* column, Walter says much the same thing, with some additional emphasis of downgrading the role of the national LP in party affairs.

Walter is also a partner of the Philadelphia convention organizing partnership, Convention Associates, as well as chair of the convention itself, which should assure him visibility and prominence at the convention in front of the delegates.

Manhart, as the sole vice chair candidate, doesn't even have a "ghost candidate" opponent at the moment, although both Don Ernsberger and Mary Gingell were hot LP rumor mill prospects in late June. But former Washington state LP chair Karen Allard was also given a heavy pitch by the Walter forces, but ultimately declined to run after considering the matter over the 4th of July weekend. At this point, Gingell is still considered the likely Walter vice chair contender.

Incumbent LP treasurer Fielder is thought likely to seek election to the post he was appointed to at the December NatCom meeting in Oklahoma City, but has thus far made no announcement.

California LP office manager and NatCom member Lyn Sapowsky-Smith is rumored to be running for LP secretary, and incumbent LP secretary Dean Ahmad told *AL* he was not

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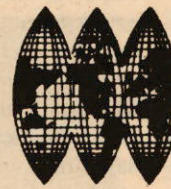
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LP Races

From page 7

seeking re-election to that post.

Otherwise, declared candidates for other NatCom positions have yet to make themselves known.

Hess Firing Flap

In one of the few issues to surface in the LP chair race, Matt Monroe issued a June 21 press release protesting the firing of Karl Hess as editor of Outreach issues of *LP News*. In his release Monroe said "In my judgment, you (Hess) have done a very good job in this capacity, and I cannot imagine what would motivate them to fire you. Your qualifications and skill in producing these special issues is outstanding." Monroe said he would invite Hess back to continue producing these outreach publications if elected chair.

This statement brought a highly vehement response from LP vice chair David Bergland, who was named Outreach Committee chair by Walter last winter and has also assumed the role of Outreach *LP News* editor, producing something called *Liberty Today* in tabloid format, scheduled for release immediately prior to the national LP convention.

In one of the harshest attacks in memory during an internal LP campaign, Bergland's July 5 response to Monroe was titled "Bergland Appalled at Mendacity and Ignorance of Monroe" and was issued under a two-color letterhead called "Libertarian Viewpoint."

Bergland wrote that he was "appalled at Matt Monroe's demagogic attempt to make *LP News* and its editor, Karl Hess, into a political football to salvage his sagging campaign for LP chair." Claiming that Hess was never fired from anything, Bergland said, "Monroe is either lying intentionally or abysmally ignorant of the distribution of responsibilities on the NatCom." Bergland stated, "Outreach publications are the responsibility of the Outreach Committee. Bergland was appointed Chair of that Committee early in 1989. ... There is no standing position as editor of such outreach materials from which anyone could be fired ..."

Bergland maintained that the Monroe chair campaign is "sagging," despite the fact that Monroe has been the only announced chair candidates since January. Bergland also said, "I have watched with disgust and dismay the continuing stream of lies and paranoid distortions printed by Holmes and Monroe (in *American Libertarian*). It has intensified as Monroe's campaign proceeds to self-destruct."

Monroe had no comment on the Bergland release other than to say that Bergland's comments about his chair campaign represent "wishful thinking" on Bergland's part.

AL editor Holmes, who was also attacked, said "the facts speak for themselves." He noted that Hess's original contract with the LP for producing *LP News* specifically included two Outreach issues per year, and that every prior issue of the Outreach newspaper had been produced by Hess's company, Lysander Inc. (The October 12, 1986 contract with the LP and Lysander Inc. says on paragraph 2, "In addition, Lysander shall cause to be published semiannually outreach editions of the *LP News* in the quantity of

25,000 copies per edition ..."

Holmes said "Maybe Bergland should tell us exactly how he received this contract. Even people on the LP Executive Committee are unaware of how and why Bergland ended up with the contract, or who decided Bergland was a better writer and journalist than Karl Hess."

Monroe has also been publicly critical of the arrangement made earlier this year whereupon Bergland receives \$3 for every new member joining the LP. In return Bergland sends them a copy of his 1984 presidential campaign book *Libertarianism in One Lesson*. No competitive bidding or NatCom vote was ever taken on this arrangement, or for the production of Outreach *LP News* tabloids.

Freeman Resigns, Kunberger Pressured

And in what perhaps is the most bizarre two LP political wrangles of the past year, longtime Turney supporters on the LP NatCom Sharon Freeman and Paul Kunberger became embroiled in disputes with LP chair Walter which resulted in locks being changed at the LP Washington, DC office, and Kunberger's large NatCom region (he represents Region 11, the so-called "superSouth" region encompassing all Southern states except Alabama) partially dissolving itself with the withdrawal of South Carolina and Florida, largely through the efforts of Florida LP chair Paula Zimmer, wife of current LP national director Nick Dunbar.

This flap began when over the weekend of May 15, Sharon Freeman prepared the May issue of *Liberty Pledge News*, the monthly newsletter sent to LP pledgers, at that time edited by her. The May issue was a stuffed and sealed and left in the headquarters over the weekend to be mailed. On Monday it was opened ("by chance") by one of the LP office employees who read a concluding story titled "DC LNC Meeting."

A report on the April NatCom meeting was presented, discussing the removal of LP auditor Holmes, the criticism of BAC chair Blumert and the "resignation" of LP membership chair Matt Monroe.

Freeman concluded by saying, "As my recollection of recent events differs significantly from Dave Walter's Chair Report, and to continue to publish would support that misinformation, I am resigning as editor of *Liberty Pledge News*, effectively immediately."

This came as a shock to the LP office and to Walter, who was quite angry at the action Freeman had taken, especially since the nearly 700 newsletters had almost been mailed out. After considering putting a sticker over the offending paragraph, they decided to scrap the entire issue and re-do it. They also changed all the locks at the LP office, since Freeman had access to a set of keys to the old locks.

Management and Audit committee chair Gerry Walsh sent out a two page memo on June 23 to the NatCom detailing the Executive Committee view of the matter and asking Legal Committee chair Bill Hall about the possibility of collecting \$130 in alleged damages from Freeman for reprinting the May newsletter. According to his account, Freeman misrepresented her intentions to the LP office staff and deliberately omitted reading

the offending paragraph in the newsletter to Don Ernsberger, who was apparently acting as the final arbitrator of the contents.

Evidently no "damages" have yet been collected, but Freeman issued her own memo explaining her side of the story on June 29, which differs considerably from the Walsh version.

Freeman said that no one on the Executive Committee had ever contacted her for her story and that Ernsberger had no authority in any event to censor the contents of the newsletter. She also maintained that no one was misled by her volunteer work in putting out the newsletter, and that she had put out the past few issues in exactly the same manner. She said the office staff was either gone or too busy on the weekend in question to help, and that she didn't "borrow" any LP office keys because the headquarters office was unlocked by a "petitioner wandering in and out all afternoon, who requested that we leave the door unlocked when we finished." Paul Kunberger also assisted Freeman with the mailing.

As to the substance of her disagreement with Walter, regarding the appointment of former LP chair Turney as membership chair after Matt Monroe supposedly resigned, Freeman wrote:

However, a few weeks before the April meeting, Don Ernsberger approached me privately to ask if I thought Jim Turney could be interested in becoming Membership Chair in September if Walter were elected Chair. When asked, Jim told me that he wasn't very interested. Don asked me to continue to lobby him to take it.

Then as the meeting approached, I and others were lobbied by Ernsberger for our support in an effort to remove Monroe as Membership Chair. While I personally feel that Monroe's performance as Membership Chair was less than spectacular, I can't help but wonder now if his removal wasn't an attempt to enhance Walter's as yet unannounced chair candidacy - by discrediting Monroe, still the only announced candidate.

Don quietly circulated a petition calling for Monroe's removal, so that Walter would be forced to "accept Monroe's resignation" at the insistence of the LNC. With a prearranged voluntary resignation from Paul Kunberger as Telemarketing Chair, to "to set an example" of Walter's "evenhanded" policy, Monroe's removal wouldn't appear politically motivated.

By discrediting Monroe and implying Turney (who wouldn't deny he might run for Chair) was responsible, the two most viable candidates could be compromised, leaving the field clear.

In the aftermath of this imbroglio, although there is no direct evidence linking the two events, Florida LP chair Paula Zimmer obtained the permission of the South Carolina state LP and the Florida LP Executive Committee to formally withdraw from Region 11, which is represented by Kunberger and North Carolinian Bobby Emory, who was himself reportedly out-of-favor with the South Carolina LP as their representative. This withdrawal would leave the region with only one NatCom representative.

This regional disaffiliation is provided for

under party By-Laws anytime 90 days preceding a national convention. LP secretary Ahmad was notified in early July. Zimmer resides in Florida but is married to LP national director Dunbar, leading some to conclude that this action (which seems to have no other rationale) was promoted by David Walter's unhappiness with Kunberger over the Freeman/*Pledge News* affair.

Although at first glance it would appear that the disaffiliation of Florida and South Carolina would have the effect of disenfranchising one or both of Region 11's NatCom representatives, according to LP secretary Ahmad a close reading of the By-Laws indicates that it has no practical effect on the NatCom until after the Philadelphia convention. LP rules allow state LP organizations to reform regions at national conventions held every two years, but these groupings usually take place at the conventions themselves rather than two months prior.

So Kunberger and Emory were not actually purged, although a signal was sent loud and clear. Both Freeman and Kunberger told *AL* in April that neither planned on running again for NatCom seats.

And if most LP members still find these intrigues slightly incomprehensible, they shouldn't worry. No one else has figured them out either. ■

Political Notes

From page 5

over 7,500 other demonstrators for a memorial service. Included in this effort were banners with the Statue of Liberty and the slogans "Libertarian Party Supports Students" and (in Chinese) "Support Students in China for Democracy." Two Consulate officials defected the same day.

In Washington, DC LP national office staffer Me Me King and other libertarians joined a protest march from DuPont Circle to the Chinese Embassy on June 6, and King was interviewed by news media (as were the San Francisco LP protesters) and thanked by Chinese students on hand at the march. ■

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