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Abraham Lincoln, Inflationist

By PAUL KRUGMAN

There was a time when Republicans used to refer to themselves, proudly, as “the party of Lincoln.” But you don’t hear that line much these days. Why?

The main answer, presumably, lies in the G.O.P.’s decision, long ago, to seek votes from Southerners angered by the end of legal segregation. With the old Confederacy now the heart of the Republican base, boasting about the party’s Civil War-era legacy is no longer advisable.

But sooner or later, Republicans were bound to notice other reasons to disavow Lincoln. He was, after all, the first president to institute an income tax. And he was also the first president to issue a paper currency — the “greenback” — that wasn’t backed by gold or silver. “There is nothing more insidious that a country can do to its people than to debase its currency,” declared Representative Paul Ryan in one of two hearings Congress held on Wednesday on monetary policy. So much, then, for the Great Liberator.

Which brings me to the story of what went on in those monetary hearings.

One of the hearings was called by Representative Ron Paul, a harsh critic of the Federal Reserve, who now has an oversight role over the very institution he wants abolished in favor of a return to the gold standard. Mr. Paul’s subcommittee called three witnesses, one of whom was an odd choice: Thomas

DiLorenzo, a professor at Loyola University and a senior fellow at the Ludwig von Mises Institute.

What was odd about that choice? Well, Mr. DiLorenzo hasn't actually written much about monetary policy, although he has described Fed policy — not just recently, but since the 1960s — as "legalized counterfeiting operations." His main claim to fame, instead, is as a critic of Lincoln — he's the author of "Lincoln Unmasked: What You're Not Supposed to Know About Dishonest Abe" — and as a modern-day secessionist.

No, really: calls for secession run through many of Mr. DiLorenzo's writings — for example, in his declaration that "healthcare freedom" won't be restored until "some states begin seceding from the new American fascialistic state." Raise the rebel flag!

O.K., it's going to be a while before the G.O.P. as a whole embraces neo-secessionism, and Mr. Paul, although highly visible, is, in fact, a somewhat marginal figure even within his own party. But Mr. Ryan, who led the other hearing — the one at which Ben Bernanke, the Fed chairman, testified — is a rising Republican star. So it's worth noting that Mr. Ryan's hard-money rhetoric was nearly as bizarre as Mr. DiLorenzo's.

Start with that bit about debasing our currency. Where did that come from? The dollar's value in terms of other major currencies is about the same now as it was three years ago. And as Mr. Bernanke pointed out, consumer prices rose only 1.2 percent in 2010, an inflation rate that, for the record, is well below the rate under the sainted Ronald Reagan. The Fed's preferred measure, which excludes volatile food and energy prices, was up only 0.7 percent, well below the target of around 2 percent.

But Mr. Ryan is sure that the dollar is being debased and won't take no for an answer. In an attempt to create a gotcha moment, he waved a copy of a newspaper bearing the headline "Inflation Worries Spread" at the Fed chairman. But the gotcha actually went the other way. As Mr. Bernanke immediately pointed out, the article was about inflation in China and other emerging markets, not in the United States. And the Fed chairman declared, correctly, that "inflation made here in the U.S. is very, very low."

Advantage Bernanke. But the facts don't matter, because conservative hard-money mania, the demand that the Fed stop trying to rescue the economy, isn't really about inflation fears.

Mr. Ryan said as much in Wednesday's hearing, in which he declared that our currency "should be guided by the rule of law, not the rule of men." A few years ago, my response would have been, say what? After all, even Milton Friedman saw the conduct of monetary policy as a technical issue, not a matter of principle; his complaint about the Fed's role in the Great Depression was that it didn't print enough money, not that it printed too much.

But then Friedman, who believed that it sometimes makes sense to let your currency depreciate, who urged Japan's central bank to adopt a policy very similar to what the Fed is doing now, was a leftist by the standards of today's G.O.P.

Wednesday's hearings aren't likely to have any immediate effect on monetary policy. But they offer a revealing — and appalling — look at the mind-set of one of our two major political parties. We've always known that the modern G.O.P. wants to take America back to the way it was before the New Deal; but now it's clear that the party wants to build a bridge to the 19th century, and maybe even to the antebellum era. Backward, march!

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