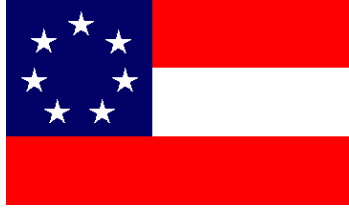
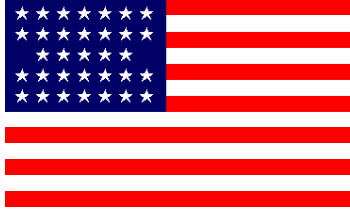


WALTER COFFEY



OFFICIAL MONTHLY NEWSLETTER

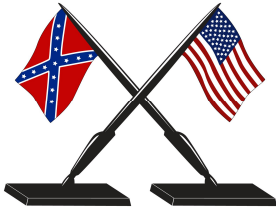


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FROM THE AUTHOR



Greetings from the writing cave here in Houston! As promised, I've included the first chapter of my new novel, *The Confederate Trust*, at the end of this newsletter. The work has been slow going and I don't

expect to finish it this year. But I'm plugging along in an effort to make it better than anything I've done before, so thanks to all for your patience!

Among the books I've read this month is *How Capitalism Saved America* by Thomas DiLorenzo (reviewed in this

newsletter). This gives a vivid glimpse into Austrian economic theory, which advocates a free market economy, private property, sound money, and peaceful international relations. One of its most prominent advocates was Ludwig von Mises. In the 1920s, Mises was one of few economists to correctly predict both the coming of a Great Depression and the certainty that more economic downturns would come. This book offers good insight into how free markets unfettered by government bureaucracy can prosper in a truly free republic.

Stay tuned for more updates on my work in the coming months, including more sample chapters from *The Confederate Trust*. Until next time...

JULY 1861: THE BATTLE IS JOINED

War hysteria continued throughout both North and South as July 1861 began. Fort Sumter had fallen three long months ago and many were itching for that one big battle that would presumably end the war. Thus far Federal forces were advancing into western Virginia, where a string of victories would make a young general the new Northern hero. Missouri's fate was still undecided as Federal and Confederate forces skirmished over control of the state government. Confederate forces moved west into New Mexico Territory in the hopes of expanding the new Confederacy. The Federal naval blockade of the South was slowly moving into place, but Southern blockade-runners were still able to deliver supplies with relative ease. By the end of the month a great battle would be fought that would become small by future battle standards.

In western Virginia, Federal forces attacked Confederates at Rich Mountain and forced the surrender of 555 troops. This victory, although small by later comparisons, gave the Federals control of most of the mountains, rivers, and railroads in western Virginia. It was celebrated as a major accomplishment in the North, and the Federal commander, young General George McClellan, became a national hero. While the victory was small, the Federal success enabled the region to eventually break from the rest of the state and form West Virginia.

In Missouri, exiled pro-Confederate Governor Claiborne Jackson led a force that defeated a Federal attack at Carthage on July 5. This temporarily halted the Federal advance into southwestern Missouri. Later this month a new pro-Federal state government was formed in

WALTER COFFEY



OFFICIAL MONTHLY NEWSLETTER

Jefferson City, replacing the exiled Jackson administration. While Federals now controlled the government, skirmishing continued throughout Missouri.

In the far West, Confederate forces invaded New Mexico Territory in an effort to secure the region for the Confederacy. The Federals abandoned Fort Buchanan and surrendered Fort Fillmore, and these defeats opened a large part of the territory to Confederate invasion.

In Washington, a special session of Congress convened on July 4. President Abraham Lincoln delivered a special message outlining events and vowing to retain all Federal property in the rebelling states. While Lincoln conceded that some of his actions exceeded a president's constitutional authority, he expressed confidence that Congress would endorse them. Of course lack of Southern opposition left Congress with a large pro-Lincoln majority, and the President's message was met with strong approval in the House and Senate.

In Richmond, the Confederate Congress convened on July 20 and President Jefferson Davis delivered a message of his own. He outlined the reasons for secession and the progress in raising armies and garnering public opinion to the cause. Davis declared, "To speak of subjugating such a people, so united and determined, is to speak a language incomprehensible to them." Tension filled the air as everyone knew that they were on the eve of the greatest battle of the war.

The Federal Army under General Irvin McDowell had left Washington on July 16. Many were excited to be finally marching off to war, eager to capture Richmond and crush the rebellion. For now the target was Centreville and the vital railroad depot at Manassas Junction. Awaiting them was a Confederate force commanded by the hero of Fort Sumter, General P.G.T. Beauregard.

Beauregard had been tipped off about the Federal invasion through Northern newspapers and a Washington spy named Rose O'Neal Greenhow, a Southern belle who was "friendly" with many Northern politicians. Beauregard arranged for reinforcements under General Joseph Johnston to come assist him from the Shenandoah Valley. By July 21, the Confederates formed an eight-mile line along a creek called Bull Run. The Federals began firing artillery at 5:15 a.m. and the battle began.

While McDowell's battle plan was sound, his green, undisciplined troops could not execute it. On the Confederate side, the attack envisioned by Beauregard and Johnston was



- General Pierre Gustave Toutant Beauregard, the Louisiana Creole who commanded the victorious Confederates at Bull Run on July 21, 1861.

also botched by inexperienced soldiers. Forced to stay on the defensive, the Confederates slowly fell back in the face of strong Federal attacks until they reached Henry House Hill. Then the tide turned.

Confederate reinforcements continued pouring into the fight from Manassas Junction. This marked the first time that troops were transported by railroad during warfare in history. On Henry House Hill, the Confederates made a strong stand under Generals Barnard Bee and Thomas J. Jackson. Bee rallied his troops by shouting, "Look! There is Jackson standing like a stone wall!" Bee was killed in the fight, but "Stonewall" Jackson lived on to become a legend.

Charges and countercharges ensued on Henry House Hill in the blistering July heat. Finally Confederate reinforcements breached the Federal right flank and rear, and McDowell was forced to order a withdrawal. The withdrawal was orderly at first but a Confederate shell destroyed a bridge and the Federals began fleeing in a full-fledged panic. Soldiers collided with congressmen and their wives who had come out with picnic baskets to watch the battle. Many were captured and held as prisoners of war in Richmond. By nightfall the first Federal stragglers wandered back into Washington and the Confederate victory was complete.

The number of casualties horrified both sides – nearly 4,900 total soldiers were killed, wounded or missing. However compared to later battles, these numbers were light. Although Northern newspapers reported that the Battle of Bull Run was a disaster, many in the North, including President Lincoln, resolved to regroup, become better prepared and try again. Part of the regrouping included changing leadership. New hero George McClellan was recalled from western Virginia and given command of McDowell's demoralized troops. Congress passed a resolution declaring that the war was being fought to maintain the Constitution and the Union, not to

WALTER COFFEY



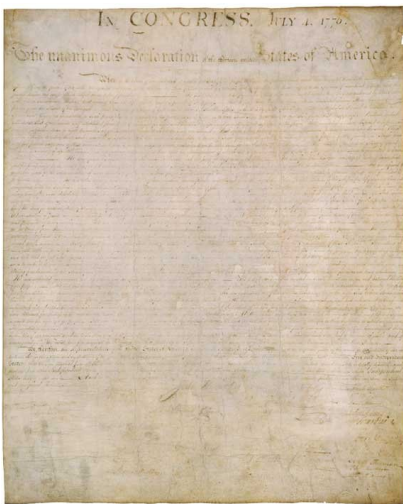
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interfere with slavery or subjugate the South. On July 22, the Confederate Congress called for a national day of thanksgiving for the success of Southern arms in what they called the Battle of Manassas.

While July ended with the North in defeat and the South joyous with victory, the war was far from over. Northerners vowed to retool and strike again and Southerners vowed to defend their homes against invasion. Both sides still expected the war to be over by winter.

U.S. HISTORY:

THE DECLARATION OF INDEPENDENCE FROM GREAT BRITAIN



-- The original Declaration of Independence, publicly proclaimed on July 4, 1776

“When in the course of human events, it becomes necessary for one people to dissolve the political bands which have connected them with another, and to assume among the powers of the earth, the separate and equal station to which the laws of nature and of nature’s God entitle them, a decent respect to the opinions of mankind requires that they should declare the causes which impel them to the separation.”

This began the Declaration of Independence from Great Britain, which was first read publicly in Philadelphia outside the Pennsylvania State House (now Independence Hall) on July 4, 1776.

At the time, the American colonists were waging the Revolutionary War against British rule. Not all colonists sought independence from British rule; many simply wanted to put up a front strong enough to force British policy reform. However the publication of Thomas Paine’s “Common Sense” united the colonists in a popular cause, and as the war continued more and more colonists realized that only complete independence would effectively secure their liberties.

On June 7, 1776, Richard Henry Lee introduced a resolution to the Second Continental Congress declaring independence from Great Britain. Part of Lee’s resolution declared that “these United Colonies are, and of a right ought to be, free and independent States.” On June 11, the Congress established a committee to draft a declaration; the committee members were John Adams of Massachusetts, Benjamin Franklin of Pennsylvania, Thomas Jefferson of Virginia, Robert Livingston of New York, and Roger Sherman of Connecticut. Jefferson was selected to write the first draft because of his exceptional writing skills.

On June 28, Jefferson submitted the first draft of the declaration, with changes made by Franklin and Adams, to the Congress for consideration. The document was adopted on July 2 after more changes and officially titled “The Declaration of Independence from Great Britain.” Based on the 1689 English Declaration of Rights, the Declaration justified breaking from British rule by listing colonial grievances against King George III and by asserting certain natural rights, including “life, liberty, and the pursuit of happiness.” These have been called “the most potent and consequential words in American history.”

The Declaration was read publicly and distributed to state assemblies, conventions and committees. General George Washington ordered that the Declaration be read to his soldiers in the hopes that it would improve morale and encourage more enlistments to fight the British. Crowds in many cities celebrated by destroying British property; an equestrian statue of King George III was torn down in New York City and the lead was used to make musket balls.

On July 19, the Continental Congress ordered that the Declaration of Independence be engrossed on parchment with a new title, “the unanimous declaration of the thirteen united states of America,” and “that the same, when

WALTER COFFEY



OFFICIAL MONTHLY NEWSLETTER

engrossed, be signed by every member of Congress.” The official signing of the Declaration took place on August 2, when most of the 56 delegates signed. Benjamin Franklin declared, “We must all hang together, else we shall all hang separately.”

The Declaration was published in British newspapers in mid-August. There was no official reaction, as many British politicians refused to take the rebellion seriously. However some questioned how the colonists could proclaim that “all men are created equal” in their Declaration without first freeing their slaves. Later abolition movements in the 19th

century cited the Declaration as the basis for their philosophy.

While the Declaration of Independence is not a document of governance in the U.S., it continues to serve as a justification for American ideals. There is no doubt that the Declaration inspired many colonists to rise up against British rule, leading to American victory and official independence in 1783. In many ways, the Declaration of Independence marked the birth of the United States of America.

BOOK REVIEW:

***HOW CAPITALISM SAVED AMERICA* by Thomas J. DiLorenzo**

How Capitalism Saved America is an interpretation of economic history in North America, from the time the first European settlers arrived to the present. In this book, DiLorenzo attempts to counteract the “anti-capitalist mentality” among many historians by showing how capitalism has brought the vast prosperity that America enjoys today. DiLorenzo seeks to show how the role of the marketplace has been lost on historians, and how government regulation, rather than capitalism, has been the most harmful to the national welfare through unintended consequences.

By exposing “myths” that past economic crises were the results of capitalism’s failure, DiLorenzo places most blame on the government responses to the crises. He argues that most interventions intended to help actually harmed consumers because price increases caused by price controls, onerous regulations, and corporate subsidies/bailouts imposed by the federal government are ultimately passed onto consumers. DiLorenzo explains how these types of government intervention accumulate over time, with “political entrepreneurs” often damaging the market’s ability

to operate freely and fairly.

Examples include DiLorenzo’s argument that the “monopolistic robber barons” of the 19th century were targeted by industrial competitors lobbying the government to penalize these entrepreneurs for being too successful. He cites a similar example in the recent Microsoft anti-trust case, in which Bill Gates was also targeted simply because he was too successful for competitors to match him. DiLorenzo also argues that contrary to many historical accounts, the Great Depression was caused not by the excesses of capitalism but instead by misguided government interventions under Herbert Hoover and Franklin Roosevelt that permanently damaged the free market and set the stage for future economic downturns (such as today’s).

DiLorenzo’s presentation challenges widespread beliefs about economic history and offers an insight into the workings of true economic freedom under a capitalist system.

WALTER COFFEY



OFFICIAL MONTHLY NEWSLETTER

CHAPTER I:

THE CONFEDERATE TRUST by Walter Coffey

The subject darted through the night. He sidestepped streetlamps as if their light were poison. He must have known that what he was doing was dangerous. He must have known that people would have tried to stop him if they could. But he couldn't have known that he was being watched from the shadows by a Union operative. The shadowed spy was John Benedict Carver.

Having returned to Washington to resume his duties for the Bureau of Information, Carver had been assigned the task of watching this subject as he absconded from the Navy Department. His name was Archibald Leonard, and he was a low-level department clerk suspected of communicating with the enemy to a dangerous degree. Officials had reported this man's erratic behavior and noted that he asked many questions about navy operations in the Deep South. More specifically, he had inquired about operations in the Gulf of Mexico near New Orleans.

As Carver watched the subject, he was not alone. Accompanying him was a second Bureau operative, Number Thirty-Eight. In the boredom of their task, Carver had conversed with the man and learned that his name was Gables. Carver didn't ask for his first name. He didn't want to know. Gables was a large, irritable, difficult man to work with because he constantly raged against the southern rebellion and itched to hurt somebody because of it. Angry at the South, angry at slavery, and angry at anyone who didn't agree with his political views. Carver kept quiet when Gables raged, pretending to agree with him at all times to avoid taking a tremendous beating.

The two men bent themselves around a tree to watch the subject scamper off. Gables leaned on Carver and pinned him against the tree. Gables's superior weight made Carver strain to breathe. Through gritted teeth Gables spat into Carver's ear, "I know that son of a bitch'd take the bait."

Carver nodded and stayed quiet as he squirmed out of the pinch between Gables and the tree. He saw the rage in Gables's face and hoped it wouldn't prove to be a liability in this task. There were many things in life to be angry about, but now was not the time to let emotions prevail.

The "bait" was a decoy map placed in an area where Leonard could easily obtain it. The map showed the Gulf region around New Orleans and colored dots where naval ships and stations were currently positioned. Bureau operatives had planted false troop movements in the map as well. Leonard

had taken the map from the department planning room and fled the Navy Department building. By a coded flash of the gas lamp in a designated building window, Carver and Gables were informed that the bait had been taken.

"Twenty-Six had better be sure of himself," Carver muttered. "If we stop that man and there's no map on his person, we'll catch hell from above."

Gables responded. "If I got to plant it on his dead body himself, I'll make sure he has that map. That son of a bitch is a traitor as sure as the sky is blue."

Carver noticed that the nighttime sky was black, but he thought better of arguing. Instead he dreaded the notion that he may have to prevent Gables from killing the subject if the evidence wasn't found.

"He's rounding that corner," Carver gestured. "Let's go."

The subject named Leonard danced around the splashes of light along the edge of Lafayette Park. The hour was late and there was little pedestrian or horse traffic to obstruct either the subject's path or the operatives' secret pursuit. Horse hooves clopping stone faintly echoed from distant streets. The night was cold and blustery, and Carver buttoned his coat as he moved from tree to tree on the subject's path, passing government buildings along the way. Gables followed close behind. When they reached the open space of Lafayette Park, Carver maneuvered himself so that Gables unwittingly blocked the chilling wind.

There was an acrid stench in the air. Those unaccustomed to Washington City sometimes fell physically ill from the smell of the surrounding swamps mingled with the human trash and equine waste that flowed in waterways and festered in streets. The smell didn't bother Carver as much because he had lived many years in New York's Bowery and Five Points, which made Washington pristine by comparison. On this night, the wind helped to dissipate much of the foulness.

Suddenly the subject stopped and turned to look behind him. Carver and Gables dove behind a nearby building to avoid being seen. Peeking around the corner, Carver saw the man turning back and continuing his journey. Carver motioned for Gables to follow him as they continued their pursuit, keeping a safe distance between themselves and

WALTER COFFEY



OFFICIAL MONTHLY NEWSLETTER

the subject. He reached the intersection of H Street and 18th, then turned right on 18th.

“Where do you s’pose he’s goin’?” Gables whispered to Carver as they moved.

Carver answered, “Wherever he’s going, we got to stop him before he gets there. He may have a platoon of thugs waiting for us.”

They hurried to close some ground with the subject. Gables said, “We ought not let this become a footrace. I can pound the hell out of most men but I can’t outrun ‘em. Let’s ambush the son of a bitch.”

“All right,” Carver agreed. He’d been through enough in his thirty-four years and had no desire to chase a spry young man fearing for his life. Odds were that the subject could easily outrun either operative. So after a brief discussion, Carver and Gables separated; Gables stayed behind the subject while Carver turned left on I Street and hurried one block east to 19th. His objective was to hurry up 19th to pass the subject, then double-back to 18th and show up in his front.

Carver skirted around a pushcart vendor closing for the night and passed a horse hitched outside a smoky saloon. He tried to leap over the mud puddles and inadvertently stomped through horse excrement. He grimaced, shook his feet and kept moving. He had to make sure he was well ahead of the subject before turning back onto the next block. As Carver ran, the cold wind changed direction and started gusting into his face. He ran harder just to keep warm. At the next intersection, he turned.

Reaching the intersection of K Street and 18th, Carver saw the subject approaching, cautiously looking around as he came. Carver saw no sign of Gables but figured he must be lurking somewhere in the darkness behind the subject. Being a Bureau operative, he had to have been effective at remaining hidden. The target neared the intersection where Carver waited.

As the subject passed, Carver sprang from a hedge and knocked him to the wet pavement. In another second Gables was over both of them, helping Carver up and towering over the little man on the ground.

The man trembled. Getting a good look at him, Carver saw the man was much older than he’d thought; his hat had fallen off revealing a bald dome and gray temples. His long mustache was graying also. His scrawny frame trembled when he saw the men standing over him, but he said nothing. Carver yanked him to his feet by his elbow, prompting the

man to moan.

“Have something that isn’t yours, Mr. Leonard?” Carver asked. Although Carver was squeezing his arm, the man was looking at Gables. Looking up into the big man’s cold eyes caused Leonard to tremble harder.

“Who-who are you?” Leonard struggled to ask.

“We were entrusted to see that you didn’t take what wasn’t yours,” Carver answered. “Now care to come clean?”

Leonard said nothing but kept looking at Gables. Gables puffed out his barrel-sized chest and said, “The man asked you a question, you rebel scum-bucket—”

Carver cut Gables off. “All right, all right, no accusations. Just hand over what you have in your coat.”

A horsecart approached. Carver pulled the little man around the corner into a dark alley. Gables followed. Carver saw a gleaming object in Gables’s hand as they passed the streetlamp on the corner. Brass knuckles. Carver wanted no part of them and worried that he may have to save Leonard from the big operative.

Carver shoved Leonard against the stone wall. The little man grunted as the blow knocked the wind from him. Before he could be stopped, Carver ripped Leonard’s coat open. The map was visible protruding from the side pocket. The man tried to turn to keep Carver from getting it, but Carver was too quick and he ripped it out of the pocket.

“This here doesn’t belong to you,” Carver told him. “How did it end up on your person when you left the Navy Department? Care to explain?”

Archibald Leonard breathed hard. Gables moved forward. “Or do we got to pound it out of you?”

Carver positioned himself between Gables and Leonard. He wasn’t going to let Gables hurt Leonard, but he tried to make sure that Leonard didn’t know that. Carver said, “I’d hate for you to take a beating when all you have to do is answer a few questions. I’m sure you made a honest mistake by running off with the little map, eh? I mean, who would have any use for knowing where our ships are stationed in the Gulf of Mexico? Certainly not the rebels.”

Leonard breathed harder and started a low whimper. Then he crouched against the cold wall and his whimper

WALTER COFFEY



OFFICIAL MONTHLY NEWSLETTER

became a moan. Then spit and white foam poured from his mouth. He twitched and yelled as he closed his eyes shut. Leonard shriveled into a ball on the filthy wet ground and his body started convulsing. Gables moved in.

“The little bastard’s faking,” he said. “I’ll get some answers out of him and take a pound of his flesh as I do.”

Carver was apprehensive. His instincts agreed with Gables in that Leonard was acting, but he still didn’t want Gables to beat Leonard to the point that he couldn’t talk even if he wanted. But if Carver revealed that agreed with Gables’s assessment, there would be no legitimate reason in Gables’s eyes to stop Leonard from taking a beating. So Carver tried a different approach.

“Hold off, Thirty-Eight,” Carver told Gables. “Faking or not, we’ll not get any answers out of him.” Carver stepped in front of the quivering man just as Gables reared his leg back to deliver a kick. Gables stopped. Carver said, “If he’s truly seizing up, we’ll get no answers. If he’s acting, it shows he’ll go through great lengths to keep from talking, and we’ll still get no answers.”

Gables folded his arms, indignant. “So what do we do?”

“I say we dump him off at Old Capitol and then see if he wants to talk after a night in stir.”

Stepping back, Gables’s shoulders dropped and he frowned like a child denied a promised gift. But he knew that Carver was the senior operative and he reluctantly let Carver take charge. Carver wrestled to get Leonard back to his feet. The man was still seizing but seemed to stand fine. Carver shackled his wrists and he and Gables dragged him three blocks to a waiting wagon. It was a Bureau carriage disguised as a hay wagon, coached by a fellow operative. Carver and Gables held Leonard prisoner in the hay after Carver told the coachman their destination. Leonard moaned periodically but did not fuss until they stopped in front of Old Capitol Prison.

The former home of the United States Congress, the prison was the primary destination for suspected traitors and spies. Gables approached the gate and addressed the guard on duty. Within minutes the front gate opened and the warden himself appeared. Gables winked at Carver. “Friend of the family.”

The warden and two guards personally greeted the operatives and their captive. After sharing some informalities, the warden motioned for the guards to take Archibald Leonard off Carver’s hands.

With a chuckle the warden said, “This man thinks he’s in bad now. Just give him a day or two in this pleasure palace. He’ll give you what you need.”

Leonard twitched but nobody paid attention. Each guard took an arm and they dragged the little man into the prison. Carver watched as they disappeared into the blackness. The warden bade goodbye to the party and followed them as the gate slammed shut.

“Another job well done,” Gables said as he and Carver climbed onto the wagon. Carver was not so confident but he stayed quiet while Gables informed Number Forty-Three, the coachman, all that had happened.

When Gables finished, Carver spoke. “It isn’t done. We’ll give him a day or so to cool down and then we may be able to get some information from him.” Carver kicked the manure off the heel of his boot. “What a miserable night,” he said.

Gables nudged him as the horses clopped on. “Not so bad. Sure beats wasting away in New York, don’t it?”

Carver thought back to the time he spent in New York recently and why he’d come back to Washington. “Sometimes I’m not so sure.”