

# KEYNES AT HARVARD

## *Economic Deception as a Political Credo*

BY

Z Y G M U N D D O B B S

*A Veritas Study*

2009 Web version transcribed from the  
REVISED AND ENLARGED EDITION (1969)

## PREFACE

### HOW THIS BOOK CAME TO BE WRITTEN

By Zygmund Dobbs

In 1957 a Harvard alumni group asked this writer to initiate a study of leftist infiltration at Harvard University. Previous efforts to find a qualified Harvard alumnus for the task had proved unfruitful.

This was a period when America was still in shock over scandals involving traitorous government officials in the service of the Stalinist terror apparatus. Disloyal Ivy leaguers had used the wealth and resources of the United States to undermine their own country. Incredibly, at the same time, they were able to betray over 600 million people into communist hands in countries laid prostrate by World War II. The names of the accused included Alger Hiss, Harry Dexter White, Lauchlin Currie, Frederick Vanderbilt Field, Nathan Witt, Lee Pressman, John Abt, and J. Robert Oppenheimer. All were Harvard trained and some had been Faculty members.

Even a cursory glance at leftism in Harvard indicated that just to chronicle all socialistic penetrations would require a large staff and years of investigation. It soon became obvious that non-leftist members of the Harvard faculty feared that sanctions would be imposed by the University administration against those who cooperated with anti-communists. Under the covering slogan of “academic freedom” the leftist host at Harvard evolved a complex of sponge-like barriers to smother attacks and then quietly to quarantine crusaders for individual liberty. Those brave enough to challenge the leftists faced the penalty of being isolated and then gerrymandered out of influential positions. Crafty strategems were devised slowly to nudge resisters out of university life. As one faculty member sardonically put it, “they used to ease you out—now they ooze you out.”

The direction of our study was set by a Harvard trained economist, the late Professor Olin Glenn Saxon, who spent many years teaching at Yale University. For years he kept warning the American public that economic teachings promulgated as “Keynesianism” in universities were a focal point of infection spreading the leftist virus into the blood stream of the entire nation.

Possessing the advantage of a twenty-five year background in leftist studies, and with Professor Saxon’s constant cooperation, I spent two years assembling proof of an interlarded melange that forms the socialistic underworld. Carefully checked evidence disclosed an operating pattern hatched in socialist nerve centers which was then directed into colleges, government bureaus and publishing outlets. Over a period of years this seeding process pervasively indoctrinated the general news media. This confluence of socializing currents shaped most of the debilitating social convulsions of our time. Bedrock evidence proved Professor Saxon’s thesis to be correct. What was particularly shocking was the depth of the infiltration by the Keynesian-Fabian intriguers. This massive overlapping of deceit and duplicity was carefully shielded by a spurious defense mechanism bearing the label of “academic freedom.”

The first edition of *Keynes at Harvard* actually represented many years of intensive probing. Over fifty former communist and socialist leaders were consulted. More than 100,000 published and written items were read. Such accumulated evidence gained from investigating, studying and writing on left-wing matters was necessary to identify the serpentine paths within the collectivist maze. Over-simplified monomanias and “one enemy” solutions were found to be misleadingly harmful. Most such short cut panaceas suffer from a built-in police state collectivism. Such movements could also be included in the aphorism, “scratch a Liberal and find a Fascist.”

Intellectual booby-traps and deceptive masks to fool the unwary are standard equipment in the leftist arsenal. In spite of skillful concealment, time and again careful analysis uncovered past communist and socialist activists under the Keynesian label. *Keynes at Harvard* is actually an introduction to the over-all Fabian socialist process. It is our hope to stimulate others to pursue this cabal in all of its many interlocking manifestations.

Great credit is due to Sister M. Margaret Patricia McCarran for her monumental studies on Fabian socialist permeations in Britain and the United States. Organized attempts to hinder her work by leftists within Catholic circles is a disgraceful example of Fabian leftist pressures to keep vital information from reaching the public. Sister McCarran is a true pioneer in exposing the hidden hand of Fabianism.

There is not space enough to record the vast contribution of Mr. Archibald B. Roosevelt to *Keynes at Harvard*. He modestly refers to himself as the “wheel-horse” of the project. Actually, he was the general overseer. Mr. Roosevelt gave generously of his profound knowledge of history and of his expertise in American political processes. He organized the “begging campaigns” to raise money to finance the study. While left-liberals secure enormous sums from wealthy patrons and foundations, we have always been restricted to an austerity budget. Mr. Roosevelt scrutinized every line of the original work.

We owe a particular debt of gratitude to Arthur Brooks Harlow who volunteered to serve as a one-man public relations task force. He aided tremendously in boosting the sales of the book to 150,000 copies in the face of an almost complete blackout of the major book reviewing media.

Printer’s page proofs were sent to forty people in business, labor, government and

education. Many sent useful suggestions that were incorporated in the final proofs. We are particularly grateful to the late Sterling Morton, who as patron of certain economist groups was particularly critical in appraising many so-called free enterprise economists. He observed that most of them suffered mental paralysis when asked to pierce the Keynesian-leftist smoke-screen. Like Professor Saxon, Mr. Morton felt that only those not imprisoned in academic cocoons could unravel the motives and techniques of Keynesian economics.

We note that John Kenneth Galbraith, the leftist economist at Harvard, was especially aroused by the statement in this book that, "Harvard was the *launching pad* for the Keynesian rocket in America." Galbraith, and his menage in the economics department, should know that this phrase was entirely Professor Saxon's, along with the observation that the late Professor Sumner Slichter was the real architect of the policy of planned creeping inflation.

Mention must be made of the great pioneer efforts by the late John T. Flynn in exposing Fabian socialism in America through his great books *The Road Ahead to Socialism* and *The Decline of the American Republic*.\*

Max Eastman in his amazing book, *Reflections On the Failure of Socialism*, dramatically summed up fifty years of experience with left-wing movements.† We could all benefit by his cogent advice at the very beginning of his book when he stated, "Almost everyone who cares earnestly about freedom is aroused against the Communists. But it is not only the Communists, it is in a more subtle way the Socialists who are blocking the efforts of the free world to recover its poise and its once-firm resistance to tyranny."

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\* John T. Flynn, *The Road Ahead to Socialism*, Devin-Adair, New York, 1949. *The Decline of the American Republic*, Devin-Adair, New York, 1955.

† Max Eastman, *Reflections On the Failure Of Socialism*, Devin-Adair, 1955.

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[EXPLANATORY NOTE](#)



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### EXPLANATORY NOTE

The last three chapters are new additions. For those I take full responsibility for the research, writing and conclusions reached. The original edition aroused the ire of some economists who felt that their colleagues should not be subjected to the same leftist yardstick that ordinary mortals are measured with. This exclusiveness permeates not only the socialistic brand but seems to infect certain alleged conservative economists as well. Nevertheless there are those among us who insist that economists are prone to the same influences that plague the rest of the human race. The difference is that their theories, when adopted by those in power, can wreak havoc affecting every facet of human life.

When this study first began to probe Keynesian-Fabian machinations, it appeared that there was something unhealthy and decadent about the whole movement. Like orthodox marxism it was reactionary at its core even though it was spelled “progressive.” In addition it had the air of turpitude that one reads had existed among the effete aristocracy in France before the Reign of Terror that followed the fall of the Bastille. Like these aristocrats most of the Keynesian coterie assumed their rank from birth. Similarly the Fabians played at revolution while safely ensconced in comfortable positions economically and socially. They exceeded their French precursors in depth of their moral depravity. In addition they fashioned ideological devices with which to spread perversions and drug addictions throughout all of society.

The Lytton Strachey—J.M. Keynes correspondence disclosed mass practice of homosexuality accompanied by aberrations of the most revolting kind. In dealing with it this writer struggled to keep the presentation within the bounds of good taste so as not to offend those who are currently fighting the obscenitarian tidal wave. The facts had to be brought out because it is vital to recognize that major architects of our prevailing social ideas were motivated not only by socialistic aims but were additionally intent on making their moral depravities the accepted norm for all of society.

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## INTRODUCTION

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## INTRODUCTION

Of late years there has been throughout the country a great uneasiness about the education that young Americans have been receiving. Moral decay and a badly trained youth are only too evident. Newspapers, periodicals and the air waves devote more and more time and space to this subject. Student riots, aided by faculties, have been causing continuing havoc in colleges throughout the United States. Wide spread vandalism including massive destruction of scholarly materials are reminiscent of the bully tactics of Nazi and Marxist youth in Germany and Austria during the nineteen-thirties.

Under the corrosive influence of the U.S. Supreme Court rulings that shield anarchy masquerading as “rights,” organized disorder and sanctioned moral aberrations have become an institutionalized campus adjunct. Open advocacy of narcotic addiction, sexual abuse and animalistic perversions is cleverly mingled with leftist agitation. With traditional legal restraints declared unconstitutional, the leftist masterminds are compelled to devise new and more outrageous provocations to force police retaliation. Shouting obscenities at officers of the law, spitting in their faces, bespattering them with human excreta and kicking at them with boots studded with rusty razor blades are a sample of atrocities devised by leftist-specialists in disorder. The mobilization of radical youth of both sexes to expose their genitals has been another provocation calculated to enrage the police.

In the face of this mounting disorder many college administrators cower and cringe like timid eunuchs. Years of sociological prattle about respectable society being guilty and social malefactors being victims, has reaped a harvest of bitter fruit. The left-liberal establishment, in the name of “progress” and “socialization,” has produced a chaos that may engender political tyranny. The chickens have come home to roost, but the academic brood hens are clucking disclaimers of blame.

A number of years ago when the disorders were being brewed our study was initiated with the hope that preventive measures could be taken. Analysis of the over-all field of education revealed that Harvard, more than any other university, was a chief source of

leftist infection.

Harvard is the oldest college in the United States, and ever since its foundation has been considered all over the world as our leading American educational institution. Harvard has managed to choose brilliant teachers, thereby maintaining a position of leadership in the educational field. Colleges and graduate schools all over the United States have eagerly sought Harvard-trained men for their faculties.

We started with the premise that Harvard was the leading institution of education in the United States. So we asked ourselves two questions, First, had Harvard lost its leadership? And second, was Harvard providing the wrong sort of leadership?

A brief study convinced us that Harvard had not lost its leadership. We then decided to make a careful study of what was taught at Harvard and by whom and to inform the graduates accordingly.

The study was planned to be purely factual. No recommendations were to be made. No changes were to be suggested. It was decided to make a factual study of the subjects taught, the text books used plus the background and character of those teaching the subjects. After the study, it was planned to bring the facts before the general public. We felt that it is the duty of the graduates, as well as within their power, to impose any changes they wish, provided they are furnished with the true facts.

It took a very short time to realize that years of research, involving much man power and money, would be required to study all the teaching and teachers of Harvard College and the Harvard graduate schools. After due deliberation it was decided to concentrate on the Economics Department of Harvard College, as the breeding ground of much of Harvard leftism.

Harvard graduates will have to judge whether or not the traditional intellectual honesty of Harvard has been betrayed. We feel that the graduates have not been told the truth. There has been too little information as to the kind of text books used, and the background and training of Harvard teachers and lecturers.

We feel, just as others do, that Harvard is an educational leader, and that control of Harvard's educational system may lead to the eventual control of the educational fabric of the United States.

Without a doubt the following study proves that the Keynesian "system"—if it can be called a system—is the primary economics system being taught in Harvard. "Keynesian economics" is a misnomer. It is not economics. It is a leftwing political theory.

Keynesian economics was undoubtedly spawned by English Fabian socialism. Keynes himself was a Fabian socialist as is later proven by Keynes' own record.

We hope this study will clear up the confusion that exists in the minds of many people as to the meaning of these various terms.

For example, the impression is generally held that it is very respectable to be a Fabian socialist such as Ramsey MacDonald, or to be a follower of Keynes, or a "liberal" (in the modern sense of the word) such as A.A. Berle (H'13); whereas it is not respectable to be a Communist, or a Nazi like Hitler, or a Fascist like Mussolini.

Actually all these people are striving toward the same end—concentration of power in the hands of a few.

The main quarrel between them is the struggle of the leaders of each group to become the exclusive arbiters of power. Once they obtain full power they inevitably gravitate toward absolute control of all human life.

They operate very much like the gangs in the United States. Gangsters fight and even kill each other to gain power, but quickly close their ranks when attacked by the forces of law and order. In radical politics you find clerics like Reinhold Niebuhr supporting the worst of the communist. That is why you will find Hitler, Mussolini and Stalin all enthusiastically embracing Keynesian aspects of economics. You will also find such Fabians as Keynes and Bernard Shaw visiting Russia, and vociferously supporting the Soviet government's methods and aims.

Shaw, who set the political tone for socialists in England and the United States, ran the whole gamut by supporting, in turn, various collective tyrannies. He announced admiration for *Mein Kampf* and Hitler and also sang the praises for Mussolini. More covertly, he served as chief expeditor for Keynes' ideas.

Even Whittaker Chambers, an old hand in the leftist game, did not realize the extent of the cohesion among the left-wing underworld until he accused Alger Hiss of espionage. Chambers then admitted:

The simple fact is that when I took up my little sling and aimed at Communism, I also hit something else. What I hit was the forces of that great socialist revolution, which, in the name of liberalism, spasmodically, incompletely, somewhat formlessly, but always in the same direction, has been inching its ice cap over the nation for two decades. . . . No one could have been more dismayed than I at what I had hit, for though I knew it existed, I still had no adequate idea of its extent, the depth of its penetration or the fierce vindictiveness of its revolutionary temper, which is a reflex of its struggle to keep and advance its political power.(1)

In 1920 as a Columbia University freshman Chambers was assigned Mark Van Doren as faculty adviser. Van Doren, a Fabian socialist, steered the young man into leftist directions.(2) In 1923, returning from a European trip, Chambers was further inoculated with British socialism. In his autobiography he wrote, "I returned to the United States and plunged into Fabian Socialism, studying as I seldom had in my life."(3)

There is a difference between the Fabians on one extreme and the Communists and Fascists on the other. However, it is merely a difference in methods. The Fabians believe in "easing" into absolute power by deceit. The Communists and Fascists believe in attaining power quickly by violence. The ends are the same since absolute power can only be maintained by repression.

The "Keynes" school of this "political underworld" is particularly adept at this Machiavellian method of advancing tyranny. You will read in the ensuing thoroughly documented text, how Keynes publicly pretended that he was "saving capitalism." You will also see how he despised the dupes of the upper classes who believed him.

Keynes' American followers in the Harvard economics department, together with those they have planted throughout the various colleges of the United States, are adept at this art. As a result, many big businessmen have swallowed hook, line and sinker, the so-called "Keynesian economics." And because the Keynesians have made the dose so tasty and disguised its flavor, some businessmen have not only swallowed the Keynes economics, but have themselves advanced far down the path of Fabianism. They have been taught by the very group that plans their destruction to vilify and savagely attack not only those who oppose Fabianism but even those who attack Communism.

In the ensuing pages it will be shown how Fabians, Communists and Keynesians unite in accusing the very businessmen who are supporting them of conspiring to enslave the people and destroy liberty.

Actually, the shoe is on the other foot. The conspiracy of the left-wing political underworld to destroy liberty is indicated quite openly in various documents. Most businessmen are politically ignorant and short sighted in matters of radical conspiracy. They are occupied mainly in the pressing problems of running a business.

Former Ambassador Spruille Braden, on June 12, 1959, gave a concise definition of the relationship of the left-wing underworld when he declared in Chicago:

The greatest danger does not come alone from the Communist parties, but also from all these other groups who in effect become their allies, even though they often seem to oppose communism at least superficially. It is impressive to see the way the Communists are able to inveigle these socialists, nationalists and other people into working with them. As a matter of fact, the commies frequently hide and camouflage the development of the real Communist Party by the Communists themselves joining other parties.

That the leftist political underworld has gained domination of the Harvard faculty is brought out in the May 16, 1960 issue of the *New York Times* (itself under Keynesian influence), which reported that “1359 Harvard faculty members and officers” urged Eisenhower, at the eve of the abortive Summit Conference, to agree to stop testing nuclear weapons. The message to Eisenhower said that “. . . a nuclear test ban can be seen as a *preliminary* step (italics ours) toward agreements on nuclear weapons controls . . .” Translated from leftist double talk, what they actually mean is that the United States stop atomic tests first and then plead with the Kremlin to agree to some kind of controls.(4)

It is amazing that 1359 of the Harvard faculty can be induced to agree politically on one single issue. 1359 individuals welded into one group, indoctrinated in one direction, practically constitutes full control of the Harvard professional body—a control which can only be broken by the determined action of Harvard graduates.

Socialism under various guises, supported by a Keynesian type theory, had complete power in Nazi Germany, in Fascist Italy, in Bolshevik Russia, and, in a more limited way, in England under the Labour Party. They have all been subjected to the test of history. Does anyone believe that they were successful? Even the political underworld hesitates to heap praises on the first three governments mentioned; as for the Labour Party, they seek devious excuses for its failures.

The average man is very busy earning a living in his own particular line. He cannot spare a great deal of effort outside his own business. Matters outside his own business must come to him in clear and uncomplicated language.

The Keynesians know this. Keynes in particular knew it. He clothed the simplest proposition in the most complicated phraseology. In this way the clearest facts have been beclouded. Businessmen often mistake such verbiage for profundity and are led to believe that the Keynesians have exclusive knowledge of some magic formulas incapable of being grasped by the average man. This is exactly what Keynes and his followers wished. It gives them carte blanche to pursue their ends.

Keynes in the preface to his magnum opus admitted that he used “changes in terminology” and “changes in language.”(5) His official biographer reported that Keynes used two “sets of terminology” which dismayed readers who had read his previous book. He added that readers “feared getting thereby into a terminological muddle

beyond repair.”<sup>(6)</sup> This is not a Keynesian invention. Political sociologists (mostly Fabians) regularly use the ploy of changing their professional jargon to conceal ideological patterns. Keynesian proponents Galbraith and Samuelson exult over the “unique unreadability” and boast “that the *General Theory* is an obscure book so that would-be-anti-Keynesians must assume their position largely on credit.”<sup>(7)</sup>

Such a conscious attempt to cover Keynesism with semantic obscurities is designed to prove that all economic matters should be left exclusively to the *Keynesian elite*. Keynes openly admitted that non-economists who read his book “are only eavesdroppers.”

Harvard economics professor Seymour E. Harris opens a chapter in his book, *National Debt and the New Economics*, with the heading:

THE PROBLEMS ARE INTRICATE AND CANNOT BE FULLY UNDERSTOOD  
EVEN BY THE INTELLIGENT MINORITY.

In referring to the citizenry Harris grandiloquently declares:

On these technical matters he will have to accept the word of the experts, as he does on many other important public issues—not many laymen understand the theory of the release of atomic energy, or radar, or the functioning of our monetary system.

Harris and the other Keynesians take a complicated matter like the atomic theory and hide behind it. Actually very few citizens are engaged in unravelling the complexities of atomic fission. However, every human above the age of three is involved daily in economic activity. To demand that we empower this group of power-struck leftists with the exclusive right to determine all economic thinking is a monstrous piece of impertinence.

Even sound economists do not realize that Keynes’ obscurity is deliberate. Some believe he had a confused mind, and attack his theories from that point of view. They do not come to grips with the true state of affairs, namely, that Keynesism is not an economic theory. It is a weapon of political conspiracy.

Perhaps the most shocking aspect of the present situation at Harvard is the refusal of the Keynesians in control to give a fair hearing to the conservative point of view. They took advantage of the traditional tolerance of Harvard early in the century to infiltrate the faculty with their supporters and preach their socialist doctrine; but once they took power they have purged the Economics Department, at least, of all vestiges of truly free economic theories, advocates and text-books. This is precisely the technique of the Communist Party and their sympathizers here, who vociferously claim their rights under our Constitution with the obvious intention of destroying both rights and constitution at the first opportunity. The leftist apostles of academic freedom at Harvard have shown their hypocrisy by silencing untrammelled discussion of free enterprise. Ironically enough, this is at a time when the incomparable superiority of capitalism over socialism, exemplified first in this country, has recently been again dramatically demonstrated in West and East Germany and in the mass starvation of Communist China as compared with the prosperity of free Japan.

As to the radical protesting youth who enthusiastically engage in mindless destruction and social anarchy amid cries of “police brutality,” there is a deadly final reckoning already awaiting them. Their role, as political dupes, to weaken the social order, so that adult leftists can gain political power, will be rewarded with death—after the revolution. This has been discussed and carefully planned. The hippies, beatniks, dope users, law breakers, and welfare chiselers are already provided for in the future society by Fabian

socialists.

The Chief Fabian of them all wrote, “Such freaks should be pitied and painlessly killed without malice as a mad dog is killed. And so should all who are not worth their salt and are spoiling the lives of those who are worth their salt. . . .” Under socialism he continued, “The procedure, as far as we can foresee it, will be for the police to establish a capital case and bring the accused to trial by jury as usual; but the judge, instead of passing sentence, will report the case and the verdict to the Inquisition to consider whether the accused can safely be allowed to live at large in a civilized community.”

There would be no death row. The execution would be done by experts in the privacy of your living quarters. This “gradualist” socialist further explained, “However painless euthenasia might be made by the Inquisition every citizen would know that it was waiting for the incorrigibly mischievous and dangerous. The convicted, knowing that the Inquisition was considering the case, could never go to bed with any certainty of being alive next morning. But this uncertainty would not concern the convicted only. It would concern everybody; for the question of fitness to live could be raised about anybody, whether any indictable crime had been committed or not.”

In case the young insurgents against “affluence” should think this fate was reserved only for those over thirty, let this final touch by the Chief Fabian disenchant them: “They, (children) must be policed as adults are. Some of them should be liquidated as congenital and incurable idiots or criminals; and they should all respect the police and be taught that unless they fit themselves to live in civilized society they cannot be allowed to live at all;”<sup>(8)</sup> Naturally, there would be no disrespect for the socialist police, otherwise the young would risk being found dead in bed—executed mercifully.

The SDS (Students for a Democratic Society) currently so active in perpetrating atrocities, should learn from their progenitor. The SDS was founded as the youth section of the League for Industrial Democracy, the Fabian society in the United States. Records show that such drastic measures have been discussed in Fabian circles for many years.

To conclude, we hope that graduates and undergraduates of many colleges will read the ensuing pages carefully, but particularly we feel that Harvard men should give this study careful attention. The references and quotes show that all statements are carefully documented. Harvard men will learn that, instead of economics, an essentially fraudulent political credo is being taught to their sons by the Harvard Economics Department at both the undergraduate and graduate levels.

If the graduates approve of Keynesism and Fabian socialism as the “ne plus ultra” for the Harvard student, then the Department should be left to follow the present trend.

If they disapprove and wish a change, they must take vigorous and immediate action, as the system is firmly entrenched and has flourished for many years.

We can only supply the truth. *Magna est veritas et praevalabit.*

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#### NOTE:

We urge that the reader get *THE GREAT DECEIT—Social Pseudo-Sciences* in order to understand the over-all scope of leftist infiltration via our educational complex. The tracing of the leftist footprints will make it possible to identify the enemy within his academic lair. Identification of individuals, organizations and activities is a preparation before any effective counter measures can be taken.

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- 1 Whittaker Chambers, *Witness*, Random House, N.Y., 1954, p p. 741-742.
  - 2 *Ibid.*, pp. 164-66, 545.
  - 3 *Ibid.*, p. 194.
  - 4 Full account on the front page of the *Harvard Crimson*, May 16, 1960.
  - 5 Keynes, J.M., *The General Theory of Employment Interest and Money*, Harcourt, Brace and Co., New York, 1958, p.VI.
  - 6 Harrod, R.F., *The Life of John Maynard Keynes*, MacMillan & Co. London, 1951, p. 404.
  - 7 Hazlitt, Henry, *The Failure of the "New Economics,"* D. Van Nostrand Co., Princeton, N.J., 1959, p. 3. *The New York Times*, Book Review, May 16, 1965, p. 1.
  - 8 Shaw, Bernard, *Everybody's Political What's What?*, Dodd, Meade Co., 1944, New York, pp. 177, 283.

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## [Chapter I – CAMPUS SOCIALISM](#)

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## I

### CAMPUS SOCIALISM

We undertook this study because of a flood of complaints about the philosophy and conduct of the undergraduates and recent graduates of our colleges and universities. Although the bulk of such charges related to Harvard University, other academic bodies came in for their share of criticism.

In sifting through the complaints we found that one general conception was found to prevail. These recent graduates reflected the attitude that “our free enterprise society is doomed.” The result is a general despair for any chance of an individual future under the present social order. Private initiative and individual enterprise are considered outworn concepts. The modern educated mind is taught to look only for stop-gap measures to tide it over until a “dying capitalist system” is replaced by some form of government socialization.

Those graduates who manage to attach themselves to government bureaucracies are deemed fortunate. They are “riding the wave of the future.” Other alternatives suggested to graduates are the large corporate *bureaucracies* (called “self-socialized forms”) or the huge tax-free foundations.<sup>(1)</sup> These are considered entities which are about to merge into the inevitable socialism.

All arguments against this philosophy of despair are called “reactionary.” The entrepreneur, merchant or banker is the villain of the piece. The chief-devil and whipping-boy is the National Association of Manufacturers (N.A.M.), which is accused of conspiracy against the people, against progress and against humanity in general. Attitudes of these college graduates towards the private enterprise practitioners sound like a demonology of capitalism. The most capable executives and entrepreneurs are symbolized as wicked creatures who are fanatically opposed to true progress. Organizations such as the N.A.M. are charged with a conscious plot to keep the rest of

society in economic and political subjugation.

We all know that communists have been preaching such an ideology for many years; however, the answer is not so simple. Investigation discloses that the philosophy responsible for the bulk of our university thinking does not bear the label of Marxism or Communism; it is instead propounded as something called Keynesism. Keynesism is so-called after John Maynard Keynes, British economist, (1883-1946). His teachings are today considered an ideological base for British and American Socialists.

To get at the nub of the matter, one must trace back the evolution of such thinking, starting with the undergraduates and working back to the source of the infection. Using as a basis only factual material, this study penetrated the labyrinths of a socialist-communist-fascist *underworld*. The term underworld has been found to be the most descriptive of this melange.

It is well known that in the criminal underworld many divergent elements, some of which fight each other to the death, find a unity in their general opposition to regularly constituted authority.(2) In the general *political underworld* of socialist-communist and fascist movements, totalitarians may kill, maim and enslave one another without mercy but a hatred of free enterprise capitalism represents a common faith and gives them a common denominator.(3)

No matter what phase of left-wing infiltration we study, be it in government, in information media, in foundations, in labor unions, or whether we deal with Keynesian socialism, neo-Marxian socialism or with Bolshevik communism, the tracks lead inevitably to Harvard University. This does not mean that Harvard has a monopoly of the leftist host. The roots of left-wing ideology have penetrated deep into most of the large universities and colleges of America. However, Harvard has led all the rest in spawning exponents of the three brands of leftism mentioned above. The Harvard Graduate School has flooded the whole academic world with teachers trained in such leftist thinking.

The question arises whether there is something about the nature of Harvard which makes it a generator of leftist thought. The fact is, that Harvard did not adopt the left-wingers, the left-wingers picked Harvard.

The prestige, influence and importance of Harvard University in the life of America automatically made it the target of those who want to subvert society for collectivist purposes. The Harvard liberal policy of allowing free expression of ideas, no matter how extreme, gave conspiratorial groups carte blanche for their activities.

Frank W. Taussig (1859-1940), beloved teacher of economics at Harvard for 53 years, was a man of great tolerance. He believed that a show of good-will and a policy of free intellectual inter-play would liberate the left-wing doctrinaires from their unbending attitude. He was not alone. Men of good-will and believers in pure academic freedom in other Harvard departments made the same miscalculation of the nature of leftist intentions.

Taussig took Joseph A. Schumpeter, an old time socialist of the Austro-German socialist school, into his own home and used his influence to build up Schumpeter as an international authority in the field of economics.(4) Taussig also aided the academic career of another economics instructor at Harvard, Harry Dexter White.(5) Harry White, using the prestige of Harvard secured a position in the United States Treasury Department until he became the chief financial policy maker for the United States. He repaid Taussig, Harvard University and his country by becoming a Soviet espionage agent, diverting our financial power to serve Soviet interests.(6) Harry White was at the

same time dubbed as America's chief Keynesian economist by none other than John Maynard Keynes himself.

A check of the pattern of the growth of leftist forces at Harvard soon revealed that the economics department was the fountainhead of leftist ideology at the University. True other departments—Sociology, History and Anthropology—also reflected considerable leftist thought. But a comparison of reading material of all of them shows that the same references recur, and generally the economics courses took the lead. The economics department actually was selected by leftists as a point of concentration at the very beginning of the twentieth century.

There are three main trends of socialist thought in the Western world. They are: the communist soviet brand; social democratic neo-Marxism; and Keynesian theories which are actually an extension of the Fabian movement. Curiously, Keynesism proved to be adaptable to the Fascist as well as the Socialist world.

All three together have dominated the Harvard economics department for years and have managed to muzzle free enterprise advocates. Of the three factions the Keynesian element predominates. Paul M. Sweezy, who reflected the Kremlin line in teaching economics, complained that the Keynesians were “regularly in a substantial majority after 1936.”<sup>(7)</sup> The economics department was the ideological beachhead from which leftism invaded the rest of Harvard University. Harvard was the *launching pad* for the Keynesian rocket in America.

This was not just a Harvard condition; it extended to the whole academic world. Henry Hazlitt in his great analytic work *The Failure of the “New Economics”* states:

If we bring Keynes' comparison up to date, we shall have to say that Keynes has conquered the present Anglo-American academic world, and the present Western political world, almost as completely as Marx conquered Russia and China.<sup>(8)</sup>

Neo-Marxist Joseph A. Schumpeter, Harvard economics professor for twenty years, complained that Keynes' *General Theory* had supplanted Marx and “was the outstanding success of the 1930's and that it dominated analytic work for a decade after its publication, to say the least.”<sup>(9)</sup>

However, the picture is not quite so clear-cut. There have been notable cases of Soviet partisans operating sub-rosa under a Keynesian label. Harry Dexter White, mentioned earlier, was such a *Keynesian*. Lauchlin Currie, another Keynesian economics instructor at Harvard, used the prestige of his position to secure an appointment to the Treasury Department, as a stepping stone to the Federal Reserve Board. After being accused of espionage on behalf of the Soviet Union, Currie removed himself from our shores and exiled himself to Columbia, South America “well outside the national jurisdiction of the United States government.”<sup>(10)</sup>

Harvard has been the source of socialist penetration long before the Bolshevik revolution. W.E.B. DuBois, a historic Negro favorite of the Kremlin, emerged as a full-fledged socialist from Harvard in 1890. Harry F. Ward acquired his socialism in Harvard before 1898.<sup>(11)</sup> There were many such instances of individual indoctrination before the turn of the century.

After the year 1900, the pattern at Harvard followed the general evolution of socialism-communism in the Western world. Among the most virulent radical groups in Harvard were the Fabian socialists. Felix Frankfurter, Harvard Law School 1906; Walter Lippmann, Harvard '10; Roger N. Baldwin, '05; Stuart Chase '10 were some of the Fabians in Harvard during that period. British Fabian lecturers taught at Harvard:

Graham Wallas (about 1910), Bertrand Russell (1914), Harold Laski (1918). Professors and teachers of leftist persuasion, aided by professional agitators, organized extremist groups among students and the faculty. These in turn infiltrated established student organizations and the Harvard administrative apparatus.

The Bolshevik Revolution whipped the socialist ranks into a ferment. Young radicals like John Reed (Harvard '10) joined the Bolshevik movement outright. Large segments of the Fabian Socialist and Marxian Socialist groups broke away to help form the Communist Party of the United States. Others remained socialists, enjoying the cover of respectability while secretly sympathizing with the Bolsheviks.

In the 1920's revolutionary coterie formed around leftist leaders. One was Felix Frankfurter. His Harvard proteges spanned the full spectrum ranging from Fabian socialism to Russian Bolshevism.<sup>(12)</sup> Ex-President Theodore Roosevelt wrote Felix Frankfurter that:

. . . you have taken, and are taking on behalf of the Administration an attitude which seems to me to be fundamentally that of Trotsky and the other Bolsheviki leaders in Russia; an attitude which may be fraught with mischief to this country . . . Here again you are engaged in excusing men precisely like the Bolsheviki in Russia, who are murderers and encouragers of murder, who are traitors to their allies, to democracy, and to civilization, as well as to the United States, and whose acts are nevertheless apologized for on grounds, my dear Mr. Frankfurter, substantially like those which you allege.<sup>(13)</sup>

During this period Frankfurter was a director of the National Association for the Advancement of Colored People (NAACP) and also served as national committee member of the American Civil Liberties Union.<sup>(14)</sup>

Among Frankfurter's intimates at Harvard was British Fabian leader Harold J. Laski whose pro-bolshevik bias eventually secured him a teaching post in Moscow. After Laski left Harvard for England his collaboration with Frankfurter was satirically referred to in academic circles as the "Frankfurter-Laski Axis."

Harvard became a pink and red hotbed. However, all these groups agreed on one goal i.e. socialism. Their common purpose bound them all into one general political underworld. Their overall foe was capitalism, and their individual enemies were men of business. In this they all agree regardless of disagreement on method, to this very day.

In spite of Fabian socialists' claims that they are non-communist, they have been performing a yeoman service for the Kremlin throughout the years. Indoctrination of undergraduates in socialism usually proceeded in three phases. First, the socialist lecturers conditioned the young minds to hate capitalism as an outmoded and cruel system; the second phase was to depise and distrust individual capitalists as exploiters and reactionaries who oppose social improvements; and thirdly the fledgling radical is hooked by clever "scientific examples" and formulae which prove to him that the present social order is predestined to collapse and socialism is foreordained to take its place.

Communist logic thus takes over with the appeal; "if you believe that capitalism is outmoded then we have a quick, clear and precise program of how to bury it and install a socialist government without procrastination or red tape." Communists also possess the added authority of a Soviet power which actually dominates a large part of the world. Not only impatient young minds fall for such blandishments. Seasoned socialists are also drawn inexorably towards the logic of the communist position. Once socialism is accepted as an aim then the communist program furnishes the most direct road to its

realization.

In checking the backgrounds of 36 ex-communists it has been found that 34 of them went through the above mentioned process.\* The leadership of red political armies is traditionally recruited through the socialist movements.

Among the alumni of Harvard and other universities and colleges there is a prevailing attitude of benign tolerance towards the “nice” and “harmless” reform socialist. The “harmless” socialist in turn looks upon the communist as a kind of Peck’s bad boy who possess intrinsic goodness if only he weren’t quite so rough. When face to face, no matter how hot the argument, socialists and communists refer to each other as “comrades.” Behind the iron curtain even those socialists who are about to be shot are described as those “comrades” who do not see the light according to the “pure Party” line.

The folklore among conservatives which pictures the socialist as “harmless” is something that left-wingers have implanted through many years of constant repetition. The socialist approach may be “soft” and “harmless” in appearance but the inevitable consequences of socialist activity are both tragic and catastrophic to society.

Harvard gave the world a socialist firebrand, John Reed, who before dying in Russia became a bolshevik and published his *Ten Days That Shook The World*. This book kindled the revolutionary fervor of young collegians from Harvard and other universities. Under the cloak of “socialism” and “liberalism” this trend bore fruition with the outpouring of recruits for Soviet spy rings. James Burnham in his *Web of Subversion* points out that:

Almost the entire membership identified as belonging to the first Ware cell (Soviet spy ring –ed.) came out of the Harvard Law School: Alger Hiss, Nathan Witt, Lee Pressman, John Abt and Henry H. Collins, Jr., Harry Dexter White and Lauchlin Currie were teachers (Economics teachers –ed.) as well as students at Harvard. Among other Harvard products we find Harold Glasser, Russell Nixon, Maurice Halpern, George R. Faxon, Allan Rosenberg and Irving P. Schiller, all Fifth Amendment cases.(15)

In 1924, R. M. Whitney in his *Reds in America* sounded the alarm against the use of the “liberal” label to cover socialist and communist agitation. He wrote:

The Intercollegiate Liberal League was born at Harvard, April 2, 1921, and it was a result of the activities of the Socialist and later the Liberal League that developed the “modern intellectuals,” or as they are better known, the “parlor Bolsheviki.” There is so much in the teaching of radicalism that appeals to the mental processes which invariably accompany certain periods in the life of every student, that it is not surprising that the communist party, as a business proposition, and the many inconspicuous individuals who are satisfied that they should be leaders and have no better means of attaining notoriety, have grasped the opportunities offered, as the Socialists did before them. Many are really capitalists, while others are plain parasites.

It is safe to say that no institution of learning in the country has been so thoroughly saturated with the “liberal” activity as Harvard University. This institution has stimulated such a spirit of democracy among the student of the past generation that the radicals have had a more fertile field in which to work at Harvard than in a less liberal establishment. The professors themselves have not been inactive in the encouragement of the movement, and the names of several of them appear prominently in the roster roll of American liberals and are known in the “illegal” circles of the Communist party of America. These professors, as well as the professors of many other colleges, number known Communists among their personal friends, and are frequently found speaking from the same platform even with members of the Central Executive Committee of the

Communist party of America. It is impossible that men of their intelligence should not know that they are advocating what the Communist party desires but cannot use in public propaganda because their own words would be discounted. Prominent radical speakers have been brought to speak at meetings of the Harvard liberals from all sorts of organizations, among them men who are actually paid agents of the Communist party.

Prominent in the organization of the Intercollegiate Liberal League were men notorious as radicals, as well as men whose patriotism, and Americanism, cannot be questioned.(16)

In turning down the application of the Harvard Liberal Club and the Intercollegiate Liberal League for membership in the Associated Harvard Clubs the reason for rejection read in part:

It would appear that the Harvard Liberal Club, Harvard Students' Liberal Club and the Intercollegiate Liberal League may be the means devised and about to be used as propaganda agencies by radical movements not yet disclosed. The Russian theory of instilling sympathetic ideas in the younger generation while they are still in school is well known, and after a brief examination . . . it appears more than likely that the system is being put into execution among college students in this country. Such a plan of radical activity is most patently dangerous, as the students at that age, while mentally keen, active and alert, have not yet formed their permanent characters and are at a formative period in their mental development, during which they are particularly susceptible to the influence of older minds, especially those of their masters whom they are accustomed to look up to as fountains of authority, wisdom and guidance. Under those circumstances, with men like Felix Frankfurter, Roger Baldwin and others behind such a movement, its potentialities for evil at once appear to be tremendous.(17)

Thus 40 years ago Harvard spawned left-wing bureaucrats, socialist-Marxists and socialist-Fabians (Keynesians) who acted as "transmission belts" for communist penetration of the nation.(18) The interlocking left-wing directorate spreading from Harvard into other universities, the government, and the whole social fabric of America is so great that it would take a score of volumes merely to classify the ramifications.

This work can only present the broad outlines of this leftist process and illuminate it with the more important highlights.

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1 Joseph A. Schumpeter, *Capitalism, Socialism and Democracy*, Harper, N.Y., 1950, Third edition, p. 134.

The perfectly bureaucratized giant industrial unit not only ousts the small or medium-sized firm and "expropriates" its owners, but in the end it also ousts the entrepreneur and expropriates the bourgeoisie as a class which in the process stands to lose not only its income but also what is infinitely more important, its function. The true pacemakers of socialism were not the intellectuals or agitators who preached it but the Vanderbilts, Carnegies and Rockefellers.

2 See Norman Thomas, *A Socialist's Faith*, W.W. Norton, N.Y., 1951, ch. IV, *passim*.

3 Adolph Hitler, *Mein Kampf*, Reynal & Hitchcock, N.Y., 1940, chaps. II, III, and IX, vol. I. Also chaps. I and II, vol. II, *passim*.

4 Arthur Smithies, (Harvard University Professor) "Memorial: Joseph Alois Schumpeter," in *Schumpeter, Social Scientist*, Harvard University Press, Cambridge, Mass., 1951, p. 15.

5 R.F. Harrod, *The Life of John Maynard Keynes*, London, Macmillan, 1951, p. 538. An interesting note appears in the preface to this book. It states:

I am grateful also to the Rockefeller Foundation for having provided me with a timely supply of dollars . . . p. xiii.

This is particularly interesting in view of the accusation that has been made that the Rockefeller

Foundation was heavily infiltrated by Keynesian socialists.

**6** James Burnham, *The Web of Subversion*, New York, John Day. 1954, pp. 150-158.

**7** Paul M. Sweezy, "Schumpeter On 'Imperialism And Social Classes'" reprinted in, *Schumpeter, Social Scientist*, edited by Seymour E. Harris, p. 124.

**8** Henry Hazlitt, *Failure of the "New Economics,"* D. Van Nostrand, Princeton 1959, p. 55.

**9** Joseph Alois Schumpeter, *History of Economic Analysis*, Oxford University Press, 1954, p. 41.

**10** *Web of Subversion*, pp. 162-169.

**11** Harry F. Ward, is known chiefly for his role of injecting socialist and communist policies into the Federal Council of Churches. (Now called the National Council of the Churches of Christ in the U.S. of A.).

**12** Some Harvard personalities mentioned in connection with espionage testimony before Government bodies were: Robert Oppenheimer (Class of 1926), Lawrence Duggan ('27), Harry Dexter White ('27), Alger Hiss ('29), Lee Pressman ('29), Harold Glasser ('30), and Owen Lattimore ('31). See *Web of Subversion, passim*.

**13** From letter of Theodore Roosevelt to Felix Frankfurter written from Oyster Bay, Long Island on December 19, 1917.

**14** The American Civil Liberties Union was originated by a group who were all extremists. Fabian socialists predominated. Sitting with Frankfurter on the National Committee were people who became prominent leaders of the Communist Party. Some of them were: William Z. Foster, Elizabeth Gurley Flynn, Louis F. Budenz and Scott Nearing. Also sitting with Frankfurter was Harold J. Laski, British Fabian leader who at the time was Frankfurter's faculty colleague at Harvard. (Ref: Report of the New York State Joint Legislative Committee Investigating Seditious Activities, April 23, 1920, part I, vol. I, pp. 1101-02).

\* This data obtained from Alliance, Inc., N.Y.C.

**15** *Web of Subversion*, p. 80.

**16** R.M. Whitney, *Reds in America*, Beckwith Press, N.Y., 1924, pp. 58-59

This study was described as: "Status of the Revolutionary Movement in the United States based on documents seized by the authorities in the raid upon the Convention of the Communist Party at Bridgman, Michigan, August 22, 1922, together with descriptions of numerous connections and associations of the Communists among the *Radicals, Progressives and Pinks*." (Frontispiece declaration).

**17** *Ibid.*, p. 60.

**18** The term "transmission belt" was coined by Stalin in his *Leninism*, International Publishers, 1928, *passim*.

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## [Chapter II – FABIAN SOCIALISM](#)



# KEYNES AT HARVARD

## *Economic Deception as a Political Credo*

BY

Z Y G M U N D D O B B S

*A Veritas Study*

2009 Web version transcribed from the  
REVISED AND ENLARGED EDITION (1969)

## II

### FABIAN SOCIALISM

The term *Fabian* keeps cropping up throughout this study. In most anti-capitalist endeavors whether at Harvard University, in Government Bureaucracy, in Socialism, Communism or Keynesism and even in Facism, Fabian personalities and Fabian policies manifest themselves.

Fabianism has been a much neglected, usually underrated and generally misunderstood movement.

In 1883 a Scottish-born American citizen, Thomas Davidson, joined with a friend, Edward R. Pease, in the latter's apartment in London, to form a rather loose association to discuss, among other things, the question of spiritism. Pease was a member of the London Stock Exchange and an amateur psychical researcher. Among those present at the formative meetings was Havelock Ellis. (He later achieved notoriety through his major work *Studies in the Psychology of Sex* [7 vols. 1897-1928], which was frequently banned on charges of obscenity.)

Sister M. Margaret Patricia McCarran writes that at the fifth meeting this group "Adopting a socialist creed, they resolved to live in the world, pursuing their avocations and joining other societies." Frank Podmore, a writer, suggested the name "Fabian Society."<sup>(1)</sup> This appellation was to symbolize the use of the art of "penetration" into other social bodies in order to push through socialist objectives. From its very inception the use of stealth and deception was laid down as a fundamental procedure of the Fabian Society.

The Society was named after the Roman general Quintus *Fabius* Maximus (Cunctator, i.e. Latin-delayer), whose cautious strategy of "delay" after the disaster of Cannae in 216 B. C. thwarted Hannibal, the great Carthaginian.<sup>(2)</sup>

The Society adopted the name *Fabian* as a symbol of a plan “formulated to penetrate civic and social units and to find means to disseminate contemporary social ideas, concentrating on concrete objectives rather than on doctrines.”<sup>(3)</sup> The Fabians did not constitute themselves as a political party as such but developed the technique of “socialistic ‘permeation’ of existing political institutions.”<sup>(4)</sup>

Margaret Cole, leading Fabian socialist, gives interesting details of the character of the early Fabians:

. . . the handful who made up the Fabian society—only forty in 1885!—were as vaguely anarchistic and insurrectionist in their ideas and their expression of them as any group that had existed before them. They regularly denounced capitalists as thieves and talked about using dynamite, and they looked forward with confidence to an imminent social revolution, to take place somewhere about 1889.<sup>(5)</sup>

Incredible as it may seem, the Fabian Socialist Society began with only nine members, who chose an executive committee of three. Their organizational assets consisted of thirteen shillings and seven pence. (\$1.89 in current monetary value.) Mrs. Cole, a former chairman of the British Fabian Society, in her book, *The Story of Fabian Socialism*, boastfully labelled this group as a “seeding” body busily sowing socialist schemes throughout society and then nursing them into full bloom.

Bernard Shaw joined the Fabian Society within the first year of its formation (1884). Another recruit at this time was Sidney Webb who, along with Bernard Shaw, dominated the Fabian movement for over 40 years. After Sidney Webb’s marriage to the very wealthy Beatrice Potter (Canadian Grand Trunk Railroad fortune) both he and his wife collaborated as a unit in Fabian activities.

Shaw contrasted the difference between other radical groups and his own by repeated references to “the highly respectable Fabian Society.”<sup>(6)</sup>

He illustrates the tactic of being “highly respectable” as follows:

The Fabian Society got rid of its Anarchists and Borrovians, and presented Socialism in the form of a series of parliamentary measures, thus making it possible for an ordinary respectable religious citizen to profess socialism and belong to a Socialist Society without any suspicion of lawlessness, exactly as he might profess himself a Conservative and belong to an ordinary constitutional club.<sup>(7)</sup>

The clever artifice of feigning “respectability,” while at the same time subverting society for revolutionary purposes, is a Fabian tactic that has had phenomenal success. It gave the Fabians easy entry into government, banks, stock exchanges and universities. This policy of conscious deception allowed Fabian Socialists to *have their cake and eat it too*. While extremists with a franker policy were barred from ordinary social intercourse the Fabians were welcomed because they had a *velvet glove* approach accompanied by fine *intellectual manners*.

The Fabians were more realistic than the Marxian socialists. They understood that it is much easier to subvert sons, daughters and wives of the prominent and well-to-do than it is to impress the laboring classes. They also understood, that socialist movements spring from the middle and upper classes—and not from the proletariat.<sup>(8)</sup>

Shaw thus describes the social composition of the Fabians:

Now the significant thing about the particular Socialist society which I joined was that the members all belonged to the middle class. Indeed its leaders and directors belonged

to what is sometimes called the upper middle class: that is, they were either professional men like myself (I had escaped from clerkdom into literature) or members of the upper division of the civil service. Several of them have since had distinguished careers without changing their opinions or leaving the Society. To their Conservative and Liberal parents and aunts and uncles fifty years ago it seemed an amazing, shocking, unheard-of thing that they should become Socialists, and also a step bound to make an end of all their chances of success in life. Really it was quite natural and inevitable. Karl Marx was not a poor laborer: he was the highly educated son of a rich Jewish lawyer. His almost equally famous colleague, Friedrich Engels, was a well-to-do employer. It was precisely because they were liberally educated, and brought up to think about how things are done instead of merely drudging at the manual labor of doing them, that these two men, like my colleagues in The Fabian Society (note, please, that we gave our society a name that could have occurred only to classically educated men), were the first to see that Capitalism was reducing their own class to the condition of a proletariat, and that the only chance of securing anything more than a slave's share in the national income for anyone but the biggest capitalists or the cleverest professional or business men lay in a combination of all the proletarians, without distinction of class or country to put an end to capitalism by developing the communistic side of our civilization until communism became the dominant principle in society, and mere owning, profiteering, and genteel idling were disabled and discredited.<sup>(9)</sup>

A fundamental principle of Fabianism is to collect a *Brain Trust* as an elite class to plan and direct all of society. Shaw pointed it out succinctly:

The Fabian Society succeeded because it addressed itself to its own class in order that it might set about doing the necessary brain work of planning Socialist organization for all classes, meanwhile accepting, instead of trying to supersede, the existing political organizations which it intended to permeate with the Socialist conception of human society.<sup>(10)</sup>

The principle of the *specialist*, the *manager*, the *administrator*, according to the Fabians represents an elite which the Fabians say will dominate society.<sup>(11)</sup> This elite concept attracted elements from the old English nobility who had been stripped of their former elite standing. Aristocratic elements began to crop up in the Fabian Society reflecting subconscious, and sometime conscious, attempts to recoup their old power via the socialist road (examples: Bertrand Russell, the third Earl Russell, Percy D'Evelyn Marks, Lord Kimberly, etc.)<sup>(12)</sup>

The policy of hiding behind the skirts of respectability did not, however, prevent the Fabians from consorting with and helping their more violent brethren in the socialist movement. In fact, the Fabians aided and abetted Russian Bolsheviks long before the revolution in 1917.

In 1907, the Fabians played host to Lenin and his Bolshevik followers while they were holding a revolutionary conference in London. Alan Moorehead in his *The Russian Revolution* writes:

In the usual way the conference got off to a slow and ragged start. The delegates assembled first in Copenhagen, but were soon ousted by the police and eventually straggled across to London. Here Ramsay MacDonald, the British socialist leader, (Fabian –ed.) was of some help to them; he managed to obtain the use of the Brotherhood Church in Whitechapel in the east end of London. It belonged to a severe religious sect known as the Christian Socialists, and the agreement was that the Russians should hold their meetings in this odd place for a period of three days. Three weeks later the Christian Socialists were still pleading with their guests to leave the building just long enough for them to get in for their Sunday prayer meeting. Gorky meanwhile kept some of the more needy delegates going by raising funds from his English friends; he

had one sum of 3,000 pounds from a wealthy soap manufacturer.(13)

George Lansbury (a leading Fabian and member of Parliament for the Labour Party for ten years), described the Fabian efforts to aid the Bolsheviks in the same 1907 London conference and identified the “soap manufacturer” as Joseph Fels, an American industrialist and head of the huge Fels Naphtha enterprises in the United States. Fels, as a member of the Fabian Society, was a well-known financial *angel* of revolutionary groups. Both Lenin and Trotsky, who headed this Bolshevik conference, later showed their gratitude by repaying the loan officially through the Soviet government in 1921.(14)

The connection between Fabianism and Lenin harks back to the early days of the Fabian Society (1897) when Lenin translated Sidney Webb’s Fabian publication *History of Trade Unionism*. Margaret Cole writes:

. . . the name of Webb had an almost mystical prestige in the Russian Communist Party, since it was their *History of Trade Unionism* which Lenin had read and translated during his exile and which he had recommended to all Party members.(15)

Bolsheviks were considered “comrades” by the Fabians. George Lansbury wrote that:

It is, of course, true that none of our Russian comrades from Lenin onwards really understands the mentality of British trade unionists, but I believe Lenin knew enough to know that in Britain we can be persuaded but cannot be forced into any course of action of which we disapprove . . . Russia, Britain and the world need thousands more like him (Lenin –ed.) if Socialism is ever to become into its own.(16)

One of the tremendous accomplishments of the Fabian Society was the creation of the British Labour Party. The Fabians had “permeated” the Liberal and Conservative parties. However, the maneuvers to use these parties for implementing the Fabian Socialist program met many obstacles. The main concentration had been in the Liberal Party. Fabians held key positions in the Liberal Party but after the formation of the Labour Party their main tactic was to destroy the Liberal Party’s effectiveness.

Bela Hubbard in his *Political and Economic Structures* writes:

Starting out with a mere handful, the British Fabian Society prospered and grew. By 1930, it had attained a membership of more than fifteen hundred. Its purpose, announced in 1883 and never subsequently modified, was the conversion of the British economy from a capitalist to a socialist structure. Among its accomplishments were the infiltration, corruption, and final destruction of England’s great Liberal party. While a futile and unrecognizable remnant of the Liberal party remains today, the party has been effectively destroyed. In its place has arisen the so-called Labor party— actually a socialist party, created and guided to its present power by this small group of intellectuals, the Fabian Society.(17)

Fabian leader Margaret Cole writes:

The modern Labour Party was born at its Nottingham Conference in January 1918, and Sidney Webb, with Henderson, was the architect of its constitution and the framer of its first political programme.(18)

The Labour Party policies have since been continuously determined by the Fabian Society. In this matter a small *elite* exerts a power that controls the remnants of the British Empire.

The Fabian Society was international in content. It recruited members from France, Italy, Austria, Germany, India, Canada, Australia, New Zealand and the United

States.(19) As will be shown subsequently, Fabian influence in the United States has been tremendous.

The Fabian Society regularly sent delegates to meetings of the Second (socialist) International. Fabians were represented at various international conclaves which were dominated by such revolutionaries as Friedrich Engels (Karl Marx's alter ego), Lenin and Trotsky.

Fabians were pioneers in projecting the concept of the League of Nations even before World War I.(20) Fabians have continuously held prominent positions in the International Labour Organization (I.L.O.) since the organization of that body by the League of Nations.(21)

Sister McCarran reports:

After 1919, through the date span of this study there was always a Fabian in the person of Stephen Sanders, C. Delisle Burns, or Philip Noel-Baker in the International Labor Organization or in the League of Nations secretariat at Geneva.(22)

She also writes that: "Shaw developed principles later embodied in the League Mandates and the United Nations Trusteeships."(23) The influence of Fabianism in setting up the structure of the United Nations, UNESCO, etc. is so extensive that it would require a separate study to develop the subject properly.

The sinister deviousness of the Fabian technique is almost unbelievable. Basic Fabian operating characteristics are:

(1). A cover of respectability and *good manners* as a means of gaining entry into all social activities, while avoiding use of the label "socialism," promoting socialism continuously by coloring such activities with new terms so as to attain socialism by stealth.(24)

Through schools, forums, deceptive "fronts" and infiltrated universities (Oxford and Cambridge in England, and Harvard in the United States, are notable examples) the Fabians create both conscious and unconscious socialists. The father of Fabianism, Sidney Webb, even before the turn of the century (1889) described the technique of creating large numbers of *latent socialists* who give a "socialist tone of thought" to whatever field they touch:

The difficulty in describing the English *socialist* organization is their constant fluidity. Their programmes and principles remain, and even their leaders, but their active membership is continually changing. A steady stream of persons influenced by socialist doctrines passes into them, but after a time most of these cease to attend meetings, the subjects of which have become familiar, and gradually discontinue their subscriptions. These persons are not lost to the movement: they retain their socialist tone of thought, and give effect to it in their trades unions, their clubs and their political associations. But they often cease to belong to any distinctly socialist organization, where they are placed by newer converts.(25)

(2). The Fabians early developed the propaganda technique of shouting down as "reactionary," "anti-democratic," and "dictatorial" those who own and operate private enterprises while at the same time these same Fabians conspire to impose a one party dictatorial control over society operated by an *elite* of specialists, managers, and socialist politicians.

(3). Fabians, like all socialists, claim to represent a progressive form of society whereas they are actually a throw back to ancient tyranny which dates back:

. . . to prehistoric times, and practiced today by savage tribes as yet practically untouched by civilization. The truth of this statement can be demonstrated both by reference to historical records and by direct observations. This is known to students of the subject, yet practically unknown to the general public.

Viewing this “modern” socialism in its historical perspective, it appears to represent, in the domain of social psychology, an example of what the biologists refer to as atavism, in the field of heredity. It is a mental “throwback” to the Stone Age.(26)

(4). The Fabians, along with the entire Marxist movement, have been perpetrating a gigantic propaganda hoax against the world, the illusion that socialism is a “science.” Not only the outside public but the rank and file of the socialist movement have been victims of this deception. For years some economists and social thinkers have been pointing out that in spite of socialists’ criticisms of the *capitalist system* they have carefully avoided presenting a detailed outline of the kind of system they intend to install in the place of free enterprise.

To this day socialists have not published an exhaustive economic theory of the socialist system. Neither Marx nor any of his followers produced such a work.

The Fabians, under the leadership of such economists as Sidney Webb, J.A. Hobson, Alfred Marshall, A.C. Pigou and John Maynard Keynes have dissected, analyzed, charted and evaluated statistically (with their own particular slant) every facet of private enterprise. They insist that society inevitably leads to socialism as a replacement of our present economic and political systems. Even the Soviet Union and its satellites with their forty-year experience in socialism have not produced one single work outlining a definitive economic theory of socialism.

It remained for Ludwig Von Mises, an economist advocating private enterprise, to goad the left-wing into taking public notice of the incredible lack of a socialist economic theory.

Oskar Lange, a communist who posed as a reform socialist, tried his hand at formulating such a theory.(27) To keep up the pretense of scholastic objectivity Lange even criticized (mildly) some of Karl Marx’s observations.

In his work *On the Economic Theory of Socialism*, Lange’s opening paragraph declared:

Socialists have certainly good reason to be grateful to Professor Mises, the great *advocatus diaboli* of their cause. For it was his powerful challenge that forced the socialists to recognize the importance of an adequate system of economic accounting to guide the allocation of resources in a socialist economy. Even more, it was chiefly due to Professor Mises’ challenge that many socialists became aware of the very existence of such a problem. And although Professor Mises was not the first to raise it, and although not all socialists were as completely unaware of the problem as is frequently held, it is true, nevertheless, that, particularly on the European Continent (outside of Italy), the merit of having caused the socialists to approach this problem systematically belong entirely to Professor Mises.(28)

Lange’s claim to have published, at long last, an economic theory of socialism is slightly ridiculous in face of the fact that the entire presentation is only pamphlet size (85 pages) and is buttressed by a contribution on *Guidance of Production In A Socialist State* by the economist Fred M. Taylor consisting of 13 pages. An examination of this thin volume shows that it is an obvious attempt to beg the question.

The failure of socialist and communist leaders to publish an economic theory of socialism cannot, however, be ascribed to mere oversight. A comprehensive work outlining the economic functions of socialism would give away the real plot.

For over a hundred years socialists of all stripes have been denouncing “capitalist tyranny” and have been assuming the role of champions of “freedom,” “democracy” and a “better life.” A definitive work on socialist economic theory would expose the falsity of such premises.

Such a work would have to outline the restrictions, compulsions and oppressions of the people required to make socialist planning possible. The fact that the socialist form must be a closed, “stationary” system operated by a rigid control apparatus could not be divulged too publicly because of propaganda considerations. Incentives, which are responsible for fundamental technological improvements, would continually upset national planned balances. Incentives mean rewards. Such rewards would set up a separate class which would constitute a threat to the political bureaucrats who intend to run the socialist state.

Top socialist leaders have known for years that the only feasible society that they could operate would be one under a closed economy hostile to drastic and sudden technological changes.

Fabian socialist economists like Sidney Webb, R.H. Tawney and Harold Laski have assiduously avoided dealing with the economic forms under socialism for fear of disgusting their followers. Benjamin E. Lippincott, professor of political science at the University of Minnesota, reflects the puzzlement of many observers when he writes:

If Marxist economists are largely responsible for failing to show how the every day economics of socialism might be worked out in practice, socialist writers other than economists must share some of the responsibility. Writers on history, sociology, and political science like the Webbs, Tawney, and Laski have done admirable work in constructing institutions for a socialist state, but they have not pressed for an inquiry into the economics of such a state, even though the economics might vitally affect what they have constructed. They have not sufficiently considered the economic conditions that must be satisfied if a socialist state is to equal or to improve upon the standard of life provided by capitalism. Nor have they given adequate attention, from the technical point of view, to the economic advantages and disadvantages of socialism as compared with capitalism.(29)

(5). Fabian Socialist overall aims are international and imperialist in character. Starting in England as home base they have extended their “permeation,” influence and control to the entire British Empire. Fabian branches in numerous parts of the world have expanded their power to fantastic proportions. There have been Labour socialist governments in Australia and New Zealand as well as in England itself. These were founded and led by members of the Fabian Society. India is pursuing a socialist course set by the precedent of Fabian trained Jawaharlal Nehru and Krishna Menon. Intervention by British and American Fabians in the affairs of the United States has decided major policies and has largely molded the course of government control of the economic life of the United States. (A more detailed account of this process is dealt with in the next chapter.) The injection of Fabian socialist influence into the United Nations, UNESCO and the International Monetary Fund is so extensive that it would require a separate study.

Early Bolshevik connections with the Fabian socialists, as noted previously, inevitably allured the Fabian mind. Bernard Shaw and Beatrice and Sidney Webb, founders and leaders of Fabianism, became disillusioned with the principle of

“gradualness” of reform socialism.(30) Fabian leader Margaret Cole reports:

Bernard Shaw who had visited Russia during the summer of 1931 in company with Lady Astor and others, came home bubbling with excitement and delivered a lyrical address to the members of the Fabian Summer School, (31)

The Webbs went to the Soviet Union in 1931. Margaret Cole writes:

The Webbs, however, were visitors of a very special kind. In the first place, they were people of a very much higher calibre and standing than the majority of the flock of tourists; to convince them of the rightness of the Soviet system would be well worth while.

The Webbs were royally entertained and adulated, according to Mrs. Cole:

They were met and welcomed by representatives of the Soviet Foreign Office, the consumer’s cooperatives, and the Soviet of Leningrad. Sidney commented: “We seem to be a new type of royalty.”(32)

Actually, the above account by Margaret Cole is misleading. The Webbs were already thoroughly wedded to the Kremlin and apparently they were assigned the task by the Russian Foreign Office of perpetrating a huge deception on the unsuspecting Free World.

For upon their return the Webbs issued a two-volume work entitled *Soviet Communism—A New Civilization*. This presumably was written as an unbiased Fabian view. However, on April 7th, 1952, Igor Bogolepov appearing before the United States Senate sub-committee on Internal Security, as a former high official of the Soviet Foreign Office, testified as follows:

MR. MORRIS. Through the Foreign Office you had people in other countries write books favorable to the Soviet point of view.

MR. BOGOLEPOV. One British and one American. You certainly remember the British labor leaders, Sidney and Beatrice Webb, very reasonable people. They visited the Soviet Union in about 1935 or 1936, and the result of their visit was a two-volume work, Soviet Communism and New Civilization.

MR. MORRIS. That is, after the Webbs got back to England, having been in Soviet Russia—

MR. BOGOLEPOV. Yes.

MR. MORRIS. They wrote a two-volume work on Russia or the Soviet?

MR. BOGOLEPOV. That is right.

SENATOR FERGUSON. Now give us an example of Americans.

MR. BOGOLEPOV. I didn’t finish it yet.

SENATOR FERGUSON. Pardon me. Go ahead.

MR. BOGOLEPOV. The materials for this book actually were given by the Soviet Foreign Office.

SENATOR FERGUSON. Given to the Webbs.

MR. BOGOLEPOV. Yes. They had only to remake a little bit for English text, a little bit criticizing, but in its general trend the bulk of the material was prepared for them in

the Soviet Foreign Office.

SENATOR FERGUSON. In the Soviet Foreign Office.

MR. BOGOLEPOV. In the Soviet Foreign Office, and I participated myself in part of this work.

SENATOR FERGUSON. So you were really preparing it under the Soviet, giving it to the Webbs so they might write it in English so it could be distributed in English.

MR. BOGOLEPOV. That's right; yes.(33)

This testimony brought cries of "lies" and "fraud" from liberal intellectuals. However, 16 years after Bogolepov's testimony, the niece of Beatrice Webb reported that every page of *Soviet Communism* was "checked for errors by the Soviet Embassy." Among those involved in this "impartial and scientific" account was the Soviet press secretary, the chief of the Soviet Trade Mission and the Soviet Ambassador to England.\* Thus, even the Webb's slight emendations of an original Soviet manuscript were carefully refurbished to meet the strict Soviet party line.

The book *Soviet Communism* was distributed in huge numbers by bookshops throughout the world. It was falsely presented as a work written by respectable and solid British citizens merely recording honest observations. Such deception is typical of Fabian methods.

Today the British Fabian pronouncement in favor of recognition of Red China and the demand that the United States stop atomic testing, are a logical extension of the traditional Fabian Socialist sympathy with Kremlin policy.

Fabians who claim that they advocate only peaceable socialist objectives are given the lie by their frequent defense of Stalin's bloody mass murders.

On the last page of *Intelligent Woman's Guide to Socialism*, Bernard Shaw declares:

I also made it quite clear that Socialism means equality of income or nothing, and that under Socialism you would not be allowed to be poor. You would be forcibly fed, clothed, lodged, taught, and employed whether you like it or not. If it were discovered that you had not character and industry enough to be worth all this trouble, you might possibly be executed in a kindly manner; but whilst you were permitted to live you would have to live well.(34)

Apparently the basic difference between Bolshevik and Fabian totalitarianism is that under Fabianism, opponents of socialism would be "executed" in an amiable manner.

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1 Sister M. Margaret Patricia McCarran, Ph.D., *Fabianism In the Political Life of Britain, 1919-1931*, Heritage Foundation, 74 East Wacker Drive, Chicago I, Ill. pp. 3-4.

Sister McCarran's book is a monumental research on the Fabian Society during its most fruitful period. It is indispensable as a reference authority on this question. In this study hundreds of items were checked for correctness and in every case the figures, quotations and references in this work were found to be completely accurate. It is an indispensable work for all students and researchers on the subject.

2 "Fabius," "Fabian Society," "Hannibal," *Columbia Encyclopedia*, Second Edition, Columbia University Press, 1950.

3 *Fabianism In The Political Life of Britain*, p. 4

4 "Fabian Society," *Columbia Encyclopedia*, 2nd Ed.

5 Margaret Cole, Beatrice Webb, Harcourt Brace, N. Y., 1946, p. 49.

6 Bernard Shaw, *Intelligent Woman's Guide to Socialism and Capitalism*, Brentano's, N.Y., 1928, p. 94.

7 *Ibid.*, p. 220.

8 Sidney Webb, in his *Socialism in England*, 1889, pp. 26-27, wrote:

The Fabian Society occupies a different sphere as a Socialist Society from that of the two larger bodies. It was founded in 1883 as an educational and propagandist centre, and includes members of all the other organizations, with a number of active workers chiefly of the middle class, and "literary proletariat." It furnishes lecturers in considerable number to all meetings where Socialism, in any guise whatsoever, can possibly be introduced, and its own fortnightly discussions have been useful in formulating and adapting socialist principles in relation to actual contemporary conditions. Two of its members were recently elected on the London School Board. The Society exercises a considerable influence, more real than apparent, by the personal participation of its members in nearly all reform movements, as well as by their work at the Universities and in the fields of journalism and the teaching of Political Economy. It is not, however, a numerous body, and makes no attempt to increase its numbers beyond a convenient limit.

9 *Intelligent Woman's Guide to Socialism and Capitalism*, p. 185.

10 *Ibid.*, p. 186.

11 G.D.H. Cole, a leader of British Guild Socialism in 1919 (later a Fabian leader), was horrified over the Fabian concept of "expert manipulator" as the coming elite. L.L. Price, *Economic Journal*, June 1919, No. 114, Vol. XXIX, p. 189, wrote:

For that stout believer (S. Webb –ed.) in the necessity and advantage of a trained, informed bureaucracy, vested with full authority to direct our every movement and supply all needs, is admonished by Mr. Cole because in one of his most recent comprehensive hand-books of final instruction—that on "The Works Manager Today"—he "believes" and "assumes" that "manipulation" of men is a "science to be learnt and controlled by the expert manipulator."

12 *Fabianism in the Political Life of Britain*, p. 464.

13 Alan Moorehead, *Russian Revolution*, Harper, N. Y., 1958, p. 81.

14 George Lansbury, *My Life*, London, 1928, p. 246. (Lansbury lectured on socialism at Harvard University in 1913, *Ibid.*, p. 106.)

15 *Beatrice Webb*, p. 193.

16 *My Life*, p. 247.

An example of the connection between Lenin and the Fabians is the fact that Lenin's *Imperialism* (International Publishers), was largely based on J.A. Hobson's *Imperialism* (1902). J.A. Hobson was a prominent leader of the Fabian Society. (*Facts on Communism*, vol. 1, Committee on Un-American Activities, House of Representatives, December, 1959, p. 43, Also *Fabian News*, September, 1893, p. 30.)

17 Bela Hubbard, *Political and Economic Structures*, Caxton Printers, Caldwell, Idaho, 1956, p. 111.

Mr. Hubbard, a retired geologist, has written a most lucid account of the twisting of economic theories by political ideology in recent world history.

A frank exposition of the Fabian permeation of the Liberal Party (as well as other parties) was printed in the *Fabian Essays in Socialism*, 1889, p. 215.

This permeation of the Radical Left, undoubted fact though it is of present day politics, is worth a little further attention; for there are two possible and tenable views as to its final outcome. One is that it will end in the slow absorption of the Socialist in the Liberal Party, and that by the action of this sponge-like organism the whole of the Rent and Interest will pass into collective control without there ever having been a party definitely and openly pledged to that end. According to this theory there will come a time, and that shortly, when the avowed Socialists and the much socialized Radicals will be strong enough to hold the balance in many constituencies, and sufficiently powerful in all to drive the advanced candidate many pegs further than his own inclination would take him. Then, either by abstention or by actual support of the reactionary champion at elections, they will be able to threaten the Liberals with certain defeat. The Liberals, being traditionally squeezable folk (like all absorbent bodies), will thus be forced to make concessions and to offer compromises; and will either

adopt a certain minimum number of the Socialistic proposals, or allow to Socialists a share in the representation itself. Such concessions and compromises will grow in number and importance with each successive appeal to the electorate, until at last the game is won.

**18** *Beatrice Webb*, p. 152.

**19** *The Fabian News* from 1892 to the present is studded with members from countries all over the world. The United States leads in the number of foreign Fabian applications.

**20** Leonard S. Woolf, *International Government*, N.Y., Brentano's, 1916, quoted in *Fabianism In The Political Life of Britain*, by Sister McCarran, pp. 32-33. Sister McCarran observes: "The plan in Woolf's book bears comparison with Wilson's League of Nations and with the present United Nations organization. Possibly it has a greater likeness to the latter."

L.S. Woolf is a veteran leader of the Fabian Society and was a life-long colleague of J.M. Keynes.

**21** William L. McGrath, President of the Williamson Heater Company, Cincinnati, Ohio, *The Communist Issue in the 38th International Labor Conference of the International Labor Organization*, Geneva, Switzerland, June, 1955 (mimeographed), p. 2.

Mr. McGrath has made an exhaustive study of the I.L.O. as a delegate to that body for a number of years. The following are some of his observations:

The I.L.O. originated with the League of Nations, continued in existence after the abandonment of the League, and is now an agency of the United Nations. It is therefore an international body having an official standing with Governments the world over, including our own.

In its earlier years the I.L.O. devoted its efforts to matters dealing directly with Labor, and did excellent constructive work. Its objective was that on endeavoring to raise living standards of employees all over the world; helping to get the workers better working conditions, fuller recognition of their rights, etc.

However, as State Socialism came into the ascendancy in Europe and the concept of the Planned Economy and the Welfare State gained broad political acceptance, the I.L.O. stepped beyond the field of labor proper, into the field of government itself; and under the pretext of "helping the working man," has put forward a whole series of proposals, in the form of conventions and recommendations, which, if adopted by member countries, might of necessity force their Governments into a socialistic mold.

**22** *Fabianism In The Political Life of Britain*, p. 33.

**23** *Ibid.*, p. 23n.

**24** *Fabian News*, London, June, 1892, p. 19, "Local societies are requested to note that it is not desirable to make any change in the name by the addition of the word 'Socialist' to 'Fabian.' "

**25** Sidney Webb, *Socialism In England*, London, 1889, pp. 20-21.

**26** Bela Hubbard, *Political And Economic Structures*, pp. 116-117.

**27** Oskar Lange is a classic example of how a Kremlin agent can operate in Fabian socialist circles and capitalize personally on the cloak of respectability such an affiliation gives him. A chronological account of his career includes: student London (Eng.) School of Economics, 1929; traveling fellow, U.S. Rockefeller Foundation, 1934-36; lecturer on economics, University of Michigan, 1936; lecturer on economics, University of California, 1936-38; Professor of economics, University of Chicago, 1939-43; (reference — *Who's Who in America*, 1948-49).

Lange, with his background as graduate of the London School of Economics, had no difficulty in passing himself off as a Fabian socialist. (The London School of Economics was founded by Sidney Webb, head of the Fabian Society.)

While in the United States, Professor Lange accumulated a record of activity in a score of Communist fronts. Attempts to expose him were shouted down by "liberals" and "leftists" as "red baiting" and "witch hunting." Lange's Fabian comrades supported him unstintingly and used his books and articles as authoritative sources to prove left-wing claims. (Lange invokes as his authorities such fellow Fabians or Socialists as J.M. Keynes, G.D.H. Cole, Bertrand Russell and A.C. Pigou in his *On the Economic Theory of Socialism*.)

Lange's disguise as a "mild socialist" was so well performed that he even attacked the Leninist doctrine of world revolution. He wrote: "I have not the slightest illusion about the Soviet Union being a 'Socialist' state . . ." *The Modern Quarterly*, Summer 1940, p. 20.

With the invasion of Poland by Soviet armies and the installation of the communist government in that country, Oskar Lange suddenly blossomed out as Ambassador from red Poland to the United States. In Congressional testimony the charge was made that Lange, while Ambassador, had clandestine meetings with Gregory Silvermaster, head of a Soviet espionage cell in Washington, D.C. *Web of Subversion*, by James Burnham, p. 184. Lange is still invoked as an authority on economic matters and his booklet, *On the Economic Theory of Socialism*, is required reading at Harvard's economic department today. (Spring term 1959-60.)

*History of Economic Analysis*, J.A. Schumpeter, p. 986.

As we know, Marx himself had not attempted to describe the modus operandi of the centralist socialism which he envisaged for the future. His theory is an analysis of the capitalist economy that is no doubt geared to the idea that this economy, by means of the inevitable "breakdown" and of the "dictatorship of the proletariat" resulting from this breakdown, will give birth to the socialist economy; but there is a full stop after this and no theory of the socialist economy that deserves the name follows. Most of his disciples, as we also know, evaded the problem instead of meeting it. . . .

**28** Oskar Lange, et al., *On the Economic Theory of Socialism*, University of Minnesota Press, Minneapolis, 1956, p. 57.

**29** Benjamin C. Lippincott, introduction to *On the Economic Theory of Socialism*, p. 4.

**30** Margaret Cole, *Beatrice Webb*, p. 190.

**31** *Ibid.*, p. 191.

**32** *Ibid.*, pp. 193-194.

**33** *Sub-Committee to Investigate the Administration of the Internal Security Act and other Internal Security Laws of the Committee on the Judiciary*, Chairman, Senator Pat McCarran; (*Institute of Pacific Relations Hearing*, Part 13, April 1952, p. 4509).

An interesting corollary to this question was the fact that the Communist publishing firm, Workers Library Publishers, advertised the Webb book, *Soviet Communism*, as a free bonus along with a subscription to the Soviet magazines, *The Communist International* and *The International Press Correspondence* (Inprecorr). It was also offered as a free bonus with the magazine, *The Communist*. Reference, an advertisement in the Communist magazine, *New Masses*, May 18, 1937, p. 27).

\* Kitty Muggeridge and Ruth Adam, *Beatrice Webb—A Life*, Alfred A. Knopf, New York, pp. 241-2.

**34** *Intelligent Woman's Guide to Socialism and Capitalism*, p. 470.

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## [Chapter III – AMERICAN FABIANISM](#)



# KEYNES AT HARVARD

## *Economic Deception as a Political Credo*

BY

Z Y G M U N D D O B B S

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### III

## AMERICAN FABIANISM

The permeation of the United States by British Fabian socialism proceeded primarily through the universities. The main root of Fabian “permeation” was Harvard University. Fabian socialists as well as Marxian socialists selected Harvard as the fount from which leftist ideology filtered through to other educational institutions. Later the communists borrowed from the socialists the formula of incubating revolutions through universities.<sup>(1)</sup> Among those who pioneered Fabianism in America (shortly after the formation of the Fabian Society in England in 1883) were James Harvey Robinson (Harvard, 1887), Oswald Garrison Villard (H’93), W.E.B. DuBois (H’90) and Harry Frederick Ward (H’98).

Professor Taussig and others at Harvard, allowed the Fabians to operate freely with the best of intentions. Their cloak of “respectability” permitted Fabian socialists to carry on under “harmless” colors. Fabians at Harvard and other universities were considered not as conspirators but as individuals with whom one could have amiable disagreements.

With the aid of Taussig and other economists of the American Economic Association, Webb’s essay on *Socialism in England* was circulated in 1889 throughout the academic world.<sup>(2)</sup> This essay was based on *Fabian Essays in Socialism* (1889), which formed the basic platform for the growth of extremism in England.<sup>(3)</sup> The American essay explained to its American readers that in England “Socialist lectures have lately been given in several colleges by permission of the authorities, this part of the propaganda being chiefly performed by the Fabian Society, which has a standing ‘Universities Committee.’ ”

British Fabian leaders Sidney Webb and Edward R. Pease came to the United States in 1888 for a long visit to train Fabian groups in the art of socialism. Webb solidified

his connection with the American Economic Association whose editorial address was at Harvard University.

Bela Hubbard in *Political and Economic Structures* states; “By the close of the nineteenth century they (Fabians –ed.) had made converts in the United States. Under Fabian influence and guidance, the Intercollegiate Socialist Society was founded in New York City, in 1905.”<sup>(4)</sup> During this same period the Rand School of Social Science was formed by Fabian Socialists and became the New York headquarters of the Intercollegiate Socialist Society.

The pattern of operation in the I.S.S. was the same as that pursued by Fabians in England. During the first two years (1905-1907) its activity was mainly that of distributing literature and giving lectures in the universities. By January 1908, the first professional paid organizer went into action. His task was to consolidate in organizational form the results of the previous propaganda. A chapter of the Intercollegiate Socialist Society was formed in Harvard. Other chapters quickly followed in Princeton, Columbia, Barnard, New York University and University of Pennsylvania. All these chapters were organized in the first four months of 1908 at a cost of only 521 dollars.<sup>(5)</sup>

By 1914 the Harvard chapter of the I.S.S. had over 60 members. John Spargo, socialist leader, addressed as many as 250 students at Harvard in a single meeting of the Intercollegiate Socialist Society.<sup>(6)</sup>

Active in the I.S.S. were Walter Lippmann, Felix Frankfurter, Roger Baldwin, Harry F. Ward and Stuart Chase. The following I.S.S. supporters among many others became leaders in the communist apparatus: Ella Reeves Bloor, Louis Budenz, Jay Lovestone, Alexander Trachtenberg, W.E.B. DuBois and Robert W. Dunn.<sup>(7)</sup>

In the recent book *Walter Lippmann and His Times*, Carl A. Binger, the well known psychiatrist and the leader of mental health movements, states:

The Fabian movement captured our imagination, and Graham Wallas. Wallas, then at the London School of Economics, was all the more valued as a visiting lecturer at Harvard for having been part of it. Wallas dedicated his book *The Great Society* to Lippmann, and since this book was published in 1914, four years after the discussion course in government that Wallas conducted and in which Walter took part, one can see what an impression this young student must have made on his teacher. But by that time (1913) Lippmann had already written his *Preface to Politics*.

The Webbs—Sidney and Beatrice—also influenced Walter by their careful, tough-minded documentation of social ills and their dedication to betterment and welfare.<sup>(8)</sup>

By 1916 I.S.S. organizers lectured on socialism to over 30,000 students throughout the country. “They addressed some 89 economic and other classes and spoke before over a score of entire college bodies.”<sup>(9)</sup>

In the *Socialist Review* (formerly the Intercollegiate Socialist) the official organ of the I.S.S., the following political position was published for all members to note:

Menaced by foreign military forces, the work of social and economic regeneration is now endangered. The Russian revolution is the heritage of the world. It must not be defeated by foreign militarism. It must be permitted to develop unhampered. It must live, so that Russia may be truly free and, through its freedom, blaze the way for industrial democracy throughout the world. (1919)<sup>(10)</sup>

Walter Lippmann and Felix Frankfurter managed to attach themselves as special

assistants to the Secretary of War in 1917. While there, Lippmann and Frankfurter became closely associated with the then Assistant Secretary of the Navy, Franklin D. Roosevelt.<sup>(11)</sup> F.D.R. later rewarded this friendship by appointing Frankfurter to the Supreme Court and American Fabians capitalized on this connection by grabbing hundreds of jobs in key Government positions.

Lippmann and Frankfurter, as socialists used their influence to aid left-wing conscientious objectors during World War I. The “objectors” were extremists who refused to support “any war under the capitalist system.” In the New York State Joint Legislative Inquiry in 1920 the following Frankfurter-Lippmann collaboration was disclosed:

Considerable correspondence passed to and from Frederick Keppel, of the War Department, to Roger Baldwin and Norman Thomas of the Civil Liberties Bureau, indicating the efforts of that organization to influence the War Department with respect to its treatment of conscientious objectors. A letter from Baldwin to Manley Hudson contains the following:

“Lippmann and Frankfurter are of course out of that particular job now, (war office) and I have to depend entirely upon Keppel.”<sup>(12)</sup>

Roger Baldwin (Harvard 1905) during this same period outlined a Fabian device of capturing power by stealth and deception.<sup>(13)</sup> In an advisory letter to a socialist agitator he wrote in part:

Do steer away from making it look like a Socialist enterprise . . . We want also to look patriots in everything we do. We want to get a good lot of flags, talk a good deal about the Constitution and what our forefathers wanted to make of this country, and to show that we are really the folks that really stand for the spirit of our institutions.<sup>(14)</sup>

Late in World War I Lippmann “became one of a group working on the background material on which Wilson was to base his Fourteen Points.”<sup>(15)</sup> Unfortunately, one of these Points was largely responsible for the dissecting and break-up of Europe into mutually antagonistic political and economic segments. American Fabians (Lippmann & Co.) and British Fabians (Keynes & Co.) played a considerable role in promoting this policy, thereby laying the basis for the rise of Adolph Hitler. Lippmann personally prepared a brief of thirteen of the Fourteen Points in order to sell them to the Prime Minister Lloyd George. These “came to be accepted as the official American interpretation of the Fourteen Points.”<sup>(16)</sup>

John Maynard Keynes, in the meantime, sat at Lloyd George’s elbow trying to steer him in a Fabian direction. Lippmann quit the Versailles Treaty proceedings after vainly trying to convince President Wilson not to oppose the Bolshevik Revolution.<sup>(17)</sup> Keynes taking the identical position also walked out on Lloyd George during this same period.

After World War I the Intercollegiate Socialist Society changed its name to The League for Industrial Democracy (L.I.D.). The parent Fabian Society in England had always urged that the word “socialist” be pushed into the background. Socialistic policies were considered more important than the mere name “socialism” itself. The League for Industrial Democracy openly boasted:

What the Fabian Society and Guild Socialist League have done in England, what Clarte is doing on the Continent—this, making due allowance for American conditions and American needs, the L.I.D. seeks to accomplish in the United States.<sup>(18)</sup>

Among the more prominent activists of the L.I.D. were such leftist luminaries as Stuart Chase, George Soule, Norman Thomas, Alvin Johnson, Felix Frankfurter, Harry

A. Overstreet, Thorstein Veblen and Scott Nearing. The L.I.D. produced a host of pro-Soviet followers. Such notorious Sovieteers as Corliss Lamont (Harvard 1924), Frederick Vanderbilt Field (H'27) and Owen Lattimore (H'31), were active in the L.I.D.

In England a parallel development went on in the parent Fabian Society. Violent advocates of pro-Bolshevik ideas such as Harold J. Laski (Harvard 1916) and John Strachey reflected a development known as the *New Fabianism*.

Leading American Fabians activated several organizations as instruments to put over left-wing ideas. One of the more important of these is the *New School for Social Reserach*.<sup>(19)</sup> Another such group was the *Bureau of Industrial Research*.<sup>(20)</sup>

The New School for Social Research, which operates as an accredited educational institution, has been sold to the general public as an independent and politically neutral institution. Actually the *New School* was cited as: "established by men who belong to the ranks of near-Bolshevik Intelligentsia, some of them being too radical in their views to remain on the faculty of Columbia University."<sup>(21)</sup> When the above characterization was made by the New York State Legislative Committee (1920), the New School Fabian socialist nature was not too well defined but its extremism was recognizable even then. The list of its faculty, lecturers and directors from its origin in 1919 to the present day, reads like a Who's Who of the socialist and communist movement. Keynes had also lectured there.<sup>(22)</sup>

The parent movement connecting the various Fabian "fronts" in America to this day is the League for Industrial Democracy. An examination of the background of those associated with this Fabian network indicates that they were the nucleus of the "Brain Trust" of the Washington bureaucracy. They have been the fountainhead of big government and big spending philosophies.

Alvin Hansen, Seymour E. Harris and J. Kenneth Galbraith (all professors of the Harvard Economics Department) and others of their ilk have not only served as administrators of huge Federal Bureaus but have planted a swarm of their followers in government bureaucracies.<sup>(23)</sup> Hansen and Harris have both been associated actively with the socialistic League for Industrial Democracy. Seymour Harris is a "big-wig" in the Americans for Democratic Action (ADA). Galbraith has long been known as an extremist and has recently graduated as a favorite of the Kremlin. An official Soviet magazine the *New Times* (published by TRUD in Moscow in nine languages) features an article by Galbraith advocating greater spending by the United States and agreeing with Khrushchev that this country should disarm.<sup>(24)</sup>

Hansen, Harris and Galbraith, besides being Fabian type socialists, are considered the leaders of American Keynesism. The pattern is the same although the names and labels keep shifting. Fabian socialism uses Keynesism as a political weapon. The Kremlin followers use the Fabian organizations as a cover for their operations. Keynesism is used to snare the unwary and bring them by degrees into a socialistic turn of mind. The communists then work hard to propel such socialistic converts further along the road to Soviet socialism.

It is a confusing, constantly shifting and horribly intricate process. The left-wing political underworld uses Fabian socialism with its "respectable covers" as a backdrop and sanctuary. The constant movement in and out of the whole Fabian melange cannot be understood unless the Fabian process and Fabian motives are dissected and shown up in their true nature. Without understanding the political climate and function of the Fabian socialist camp a true evaluation of the communist conspiracy is not possible.

Fabian socialism and communism embrace each other, feed on each other and sometimes engage in a family fight. The communists inevitably get the better of the bargain.

The Kremlin has found that it needs a socialistic environment in which it can hide and nurture its forces. Operating in a tangled forest of socialistic organizations the communists find that they can venture forth to attack society and then run back to shelter whenever the going gets too tough. An evaluation of the left-wing needs an understanding of Fabianism on the one hand—no matter what its labels—and an understanding of Communism on the other—also despite its camouflage.

Today Fabians use the teachings of John Maynard Keynes as their catechism of political economy. The American Fabians have slavishly installed Keynesism as the new faith, both in the Universities and in Government bureaucracy.<sup>(25)</sup> To lay bare and dissect these premeditated deceptions is the true task of the political science of our day.

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**1** Some universities which were the early objects of Fabian infiltration were Pennsylvania, Chicago and Wisconsin. Also chosen for concentration were Yale, Columbia and Princeton.

**2** Sidney Webb, Barrister at Law, Lecturer on Economics at the City of London College (England), *Socialism in England*, Publication of the American Economic Association, vol. IV no. 2, 1889, p. 40. See also *Fabianism in the Political Life of Britain*, p. 8.

**3** Sidney Webb, et al., *Fabian Essays in Socialism*, Walter Scott, London, 1889.

**4** *Political and Economic Structures*, p. 111

**5** *Intercollegiate Socialist*, (Magazine) Sept., 1908.

**6** *Ibid.*, Dec.-Jan., 1913-14, p. 27.

**7** *Political and Economic Structures*, p. 112.

**8** Carl Binger, "A Child of Enlightenment" in *Walter Lippmann And His Times*, edited by Marquis Childs and James Reston, Harcourt, Brace, N.Y., 1959, p. 34.

**9** *American Labor Year Book*, 1916, Rand School, N.Y., p. 157.

**10** Alexander Trachtenberg, "Two Years of the Russian Revolution" in the *Intercollegiate Socialist*, April-May, 1919, p.32.

Trachtenberg was a member of the Intercollegiate Socialist Society and a director of the Rand School of Social Science. (Both the Rand School and the I.I.S. occupy the same headquarters.) Trachtenberg was later exposed as a top Soviet agent and became a leader of the American Communist Party.

Isaac A. Hourwich was another prominent member of the I.S.S. He was later revealed as a top Soviet agent and representing Lenin in the United States. (*Intercollegiate Socialist*, June 1914).

**11** Arthur M. Schlesinger, Jr., "Walter Lippmann: The Intellectual v. Politics," in *Walter Lippmann and His Times*, p. 199.

**12** *Report of the Joint Legislative Committee Investigating Seditious Activities*, April 24, 1920, Senate of the State of New York, p. 1087. The Keppel mentioned above was F.P. Keppel, later President of the Carnegie Corporation. Under his administration the Carnegie Corporation distributed considerable financial support to various left-wing enterprises.

**13** Roger Baldwin has pursued Fabian socialist methods in the United States for over 55 years. Baldwin has one of the longest lists of association with Communist Party fronts on record.

**14** *Report, Joint Legislative Committee*, p. 1088.

**15** *Walter Lippmann and His Times*, p. 8.

**16** *Ibid.*, p. 199.

**17** *Ibid.*, p. 9.

**18** *News Bulletin* (Official organ League for Industrial Democracy), vol. I, No. 2 Jan, 1923, p. 2.

**19** *Report, Joint Legislative Committee Investigating Seditious Activities*, State of New York, April 24, 1920, p. 1119.

**20** *Ibid.*, pp. 1120-21.

**21** *Report, Joint Legislative Committee*, p. 1121.

**22** British Fabians such as Sir William Beveridge, J.M. Keynes, Graham Wallas, Julian Huxley, Bertrand Russell, J.B.S. Haldane and Harold Laski lectured at the New School for Social Research. The American counterparts of the British Fabians included such personages as: John Dewey, Clarence Darrow, Roger Baldwin, Felix Frankfurter, Franz Boas, Wesley C. Mitchell, Harry A. Overstreet, Max Ascoli and Walter Lippmann. Soviet partisans such as: Moissaye Olgin (later exposed as a top Soviet agent) also participated in the New School activities.

**23** John T. Flynn, *The Road Ahead* (America's Creeping Revolution), Devin-Adair, N.Y. 1949, p. 68. An example of this process has been clearly described by John T. Flynn when he wrote:

A group of men headed by Dr. Alvin Hansen appeared in Washington with an American edition of Mr. John Maynard Keynes' theories of spending and national debt. All the government planning involved government spending. And that involved heavy taxation and debt. Taxes and debt were supposed to be an evil and were certainly unpopular. But now came the new theory that governments could borrow almost indefinitely, that government borrowing was a good thing, that government debt was not a burden, did not have to be paid and was, literally, an unmixed blessing. A whole batch of Harvard and other professors vouched for the soundness of this thoroughly cockeyed theory. Planning, now equipped with the new engine of government borrowing, took on a new and vital form. And the whole brood of Socialists and Technocrats and Fabians swarmed into Washington.

**24** J.K. Galbraith, "Benefits of General Disarmament," *New Times*, a weekly journal of world affairs published in Russian, English, French, German, Spanish, Polish, Czech, Roumanian and Swedish by TRUD, Moscow, U.S.S.R., No. 51, December 1959, pp. 14-15-16.

Galbraith's article publicizes the fact that he is writing as "Professor of Economics, Harvard University, U.S.A." Thus the prestige of Harvard is invoked once again to aid communism.

**25** *The Road Ahead, passim.*

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## [Chapter IV – JOHN MAYNARD KEYNES](#)



# KEYNES AT HARVARD

## *Economic Deception as a Political Credo*

BY

Z Y G M U N D D O B B S

*A Veritas Study*

2009 Web version transcribed from the  
REVISED AND ENLARGED EDITION (1969)

### IV

## JOHN MAYNARD KEYNES

The Keynesian theory of economics has swept the academic world to an extent unprecedented in modern times. The focal point of the Keynesian doctrine in the United States has been Harvard University. From Harvard Keynesian influence spread to Yale, Princeton, University of Chicago, University of Wisconsin, Massachusetts Institute of Technology and eventually into almost every College and University in the United States.

From academic circles the Keynesian dogma percolated into government departments on all levels. Not only those bureaus having to do with economic and statistical matters were affected but policy making bodies such as the State Department, the Presidential office, the Treasury, the Department of Agriculture, and the Department of Labor were dominated by Keynesian thinking.

Huge tax-free Foundations, such as the Ford, Carnegie and Guggenheim Foundations, backed by billions of dollars, became the nesting places of Keynesism.

Elements in the banking world such as the Lamonts (and the late Benjamin Strong) became avid supporters of the Keynesian thesis. Certain industrialists, particularly those depending on government contracts and handouts, became enamored of this new philosophy.

The impression has been created that the Keynesian theory possessed such a force of scientific validity that the greatest minds in the country succumbed to its logic. However, extensive research through the Keynesian maze reveal many elements in this theory that contradict its claim to scientific objectivity.

A check of the outstanding representatives of Keynesism in America disclosed the

fact that they are largely the same people who had been leaders in the socialist movement for many years past. Further examination shows that by adopting the Keynesian theory these socialists have no intention of abandoning their socialist aims. It soon became obvious that these left-wingers see in Keynesism a means of creeping into Socialism. The Keynesian camp is studded with the names of such time-hardened Fabian Socialists as Stuart Chase, George Soule, Norman Thomas and Harry W. Laidler.

In Britain the Keynesian theories were the officially accepted creed of the Fabian Socialists for many years. They became a standby of Fabianism throughout the world as early as 1919.(1)

The consistent support given to Keynesism by Fabians and other left-wing groups throughout the years, requires an exhaustive examination of the background and associations of John Maynard Keynes as an individual.

There is one propaganda claim that those subscribing to Keynesism possess in common. They all insist that Keynes was a “capitalist economist,” who after following the classical school of *laissez-faire* began to question the old economic concepts. They also endowed him with a pure scientific detachment which inevitably led him to the conclusion that the system of private enterprise was doomed as such. These same exponents also insist that Keynes wanted to save as much of the capitalist system as was possible.

To evaluate the true motives and teachings of Keynes it has been necessary to scrutinize his whole life. It soon became obvious that the left-wing characterization of Keynes as a “capitalist economist,” who finally saw the light of day, was a gross distortion, made out of the whole cloth, for reasons that will become apparent as this study proceeds.

When John Maynard Keynes was seven years old, his father, John Neville Keynes, a don at the University of Cambridge, wrote a book entitled *The Scope and Method of Political Economy*.(2) In this work the elder Keynes attacked the principle of *laissez-faire* and dealt with socialist doctrines in a friendly light. In the preface of this book he acknowledged the assistance of Professor Alfred Marshall, a Fabian socialist, who many years later was responsible for influencing John Maynard Keynes to take up economics as his life’s work.

Alfred Marshall’s economic theories were a main prop for the socialist teachings of the Fabian Society both in England and in the United States.(3) Marshall privately admitted his belief in the Socialist ideal but publicly vended his services by pretending to be an economist of the classic private enterprise school.(4)

John Maynard Keynes as the son of a Cambridge professor was raised in the shadow of the Cambridge campus. The ideas of his father and such academicians as Alfred Marshall made a profound impression on his young mind. He quite naturally followed in his father’s footsteps.

As an undergraduate at Cambridge, John Maynard Keynes banded together with a group of radicals who were destined to become the outstanding Socialist leaders of Great Britain. At the age of 19 his associates included such Fabian Socialists as Bertrand Russell, Leonard Woolf and Ruppert Brooke. At the age of 20 (1903) Keynes became a member of a Fabian group at Cambridge which was headed by G.L. Dickinson, a prominent Fabian Socialist. Dickinson taught history and political subjects at the University. As an undergraduate, Keynes, imitating his father, expressed strong opposition to the principle of private enterprise (*Laissez-Faire*). (5)

R.F. Harrod, Keynes' official biographer, describes his hero as having "within him the seeds of rebellion."<sup>(6)</sup> Keynes was a leader of radical students demanding separation of Cambridge University from religious connections.<sup>(7)</sup> In his maiden speech as freshman, Keynes boldly declared "that the British system of government by party is becoming a hindrance to useful legislation." At this time (1902) Keynes joined the Liberal Club. The Liberal Party had been "permeated" by the Fabian Society and at that time was a chief vehicle for Fabian Socialist manipulations.<sup>(8)</sup>

In 1905, Alfred Marshall wrote to John Maynard Keynes' father: "Your son is doing excellent work in economics. I have told him that I should be greatly delighted if he should decide on the career of a professional economist."<sup>(9)</sup> Professor A.C. Pigou privately coached Keynes on economics. Pigou, although posturing as a classic economist, has also been identified as a Fabian Socialist.<sup>(10)</sup>

During his University days Keynes had already developed a reputation for Machiavellian methods. His friends dubbed him "pozzo." This nickname stuck to him for the rest of his days.<sup>(11)</sup> Carlo Andrea Pozzo di Borgo (1764-1842) was a Corsican who became notorious for diplomatic intrigue and was hired by various European nations for such purposes.

From 1906 to 1908 Keynes worked for the Civil Service as a minor official in the British Government's India office. There, at the age of 24, Keynes expressed the Fabian concept that Civil Service administrators are the rulers of the future. Elected and appointed heads, in his opinion, "showed manifest signs of senile decay" and represented "government by dotardry."<sup>(12)</sup> This was in line with the general attitude of the Fabian Society, which favored government run by the Civil Service and not a government responsive to the electorate.

In 1908 Keynes became a Cambridge lecturer, being supported in part by an annual stipend from Alfred Marshall, who "was largely in sympathy with the aims of the Fabians."<sup>(13)</sup>

Through Alfred Marshall's backing in 1911 Keynes was made editor of the *Economic Journal*. This publication was the official organ of the Royal Economic Society. As protege of Alfred Marshall and Pigou the young man became the key outlet of Fabian Socialist articles on economic and political matters. Ironically, this magazine bore the imprint "Patron—His Majesty, the King."

By 1913 Keynes was installed as Secretary of the Royal Economic Society itself. There he joined hands with the Fabian chief, Sidney Webb, along with Pigou and Marshall to exploit the prestige and respectability of the Royal Economic Society for the benefit of socialism.

It was during this period (1913) that Keynes adopted the concept of eliminating gold as a standard of the monetary system of the nations of the world.<sup>(14)</sup> His notion of a managed currency (that he sold F.D. Roosevelt on twenty years later) was an old socialist catch-all, espoused by the Fabians since the turn of the century.<sup>(15)</sup> It is a fundamental concept of State-Socialism.

With the entrance of Great Britain into World War I, Keynes, like many other young radical opportunists, began to cast around for an appointment to Government service which might bring exemption from military duty. Early in 1915, a few months after Britain's entrance into the war, Keynes secured an appointment with the British Treasury.

Many of Keynes' left-wing friends became conscientious objectors. When his friends appeared before British tribunals claiming this status, Keynes interceded on their behalf. He boasted of throwing dinner parties for these left-wing objectors in order to "restore shattered nerves."

Keynes himself had gone through the formality of filing as a conscientious objector. He did this, however, in the rather roundabout way of first postponing action through various bureaucratic subterfuges. Toward the end of the war the conscription office insisted on a decision of his status. At that point he was forced to file as a conscientious objector, just as his friends in the Bloomsbury Socialist circles did. Keynes' mother was disturbed over the attitude of her son and his leftist friends and wrote to him disapproving of such an unpatriotic stand.(16)

Keynes did not keep his Socialist convictions to himself in those days. His opposition to the private enterprise system was well known to London society. Clarence W. Barron, then publisher of the *Wall Street Journal*, while in London in 1918, made the following observation: "Saw Professor Keynes of the British Treasury . . . Lady Cunard says Keynes is a kind of Socialist and my judgment is that he is a Socialist of the type that does not believe in the family."(17)

The end of the war found Keynes at the Peace Treaty negotiations in Paris. He was a key aid to Prime Minister David Lloyd George.

The Socialists in Germany and Austria had taken power in a revolutionary coup against the monarchies of each respective country. Immediately the Socialists of the victorious nations set up a hue and cry to ease the claim of indemnity assessed against the vanquished Germans and Austrians. The underlying motive of the British Fabians was to make things easier for their Socialist comrades who had grabbed political power in the defeated countries.

Keynes argued vigorously for the Socialist position. He presented plans which watered down the indemnity claims. When his pleas were turned down he resigned his position. In the space of two months Keynes wrote his criticisms of the Peace negotiations in a book entitled *The Economic Consequences of the Peace* (Aug.-Sept. 1919).(18) This became a basic Socialist text and is used as such to this very day.(19)

The Fabian Society made private arrangements with Keynes to publish a special edition of his book for exclusive distribution among radicals throughout the British Empire.(20)

During this same period Keynes' old Fabian Socialist teacher at Cambridge, G.L. Dickinson, supported Keynes with a radical "front" called the *Union of Democratic Control* "which opposed retaliatory measures against Germany and reparations."(21)

In the United States, Fabian Socialists Felix Frankfurter and Walter Lippmann arranged to have *The Economic Consequences of the Peace* published in a special American edition. Frankfurter brought the manuscript over from England after consultation with Keynes. Graham Wallas, one of the pioneers of the Fabian Socialist movement, consulted with Frankfurter and pronounced the Keynes manuscript a "great work."(22) Both Wallas and Frankfurter had been instructors at Harvard. Walter Lippmann, who had joined the Fabian Society in 1909, had been one of Wallas' students at Harvard.(23)

*The Economic Consequences* became a main prop in the arsenal of Socialist propaganda in the United States. The League for Industrial Democracy and the Rand School for Social Science both urged the Keynes book on their extremist following

along with Bolshevik literature such as Lenin's *State and Revolution* and Trotsky's *In Defense of Terrorism*. As has been noted before, the L.I.D. and the Rand School were American Fabian entities.

As a corollary to the Bolshevik phase of Socialist movement Keynes went through an interesting development. On February 22nd, 1918, Keynes wrote to his mother:

Oh! you'll be amused to hear that I was offered a Russian Decoration yesterday, a belated one just arrived from the Provisional Government. Being a Bolshevik, however, I thought it more proper to refuse.(24)

It was a common condition during that period for left-wingers to seize on the Bolshevik example as a harbinger of the "new order." Keynes emotionally fell into the same pattern. At that time he was a high official of the British Treasury and advisor to David Lloyd George on economic policies. Curiously, those of the Provisional Russian Government (Kerensky) were themselves Socialists, but of the non-Bolshevik variety. Like many other socialistic-minded young men, Keynes considered the Kerensky Socialists "reactionaries" and the Bolsheviks "progressives."

In *The Economic Consequences* Keynes vigorously opposed the policy of intervention by the allies against the Bolshevik forces and criticized the economic blockade against Soviet Russia.(25)

In 1922 the reputation Keynes acquired through *The Economic Consequences* was responsible for his employment by the *Manchester Guardian* to edit twelve supplements under the title of "Reconstruction in Europe." Keynes recruited left-wing and liberal opinion from all over the world for this series. Contributors, who were primarily from the Socialist-Bolshevik camps, included Maxim Gorky from Soviet Russia, Henri Barbusse from France, Walter Lippmann from the United States, Dr. Benes from Czechoslovakia, and Harold Laski and G.D.H. Cole from England.

In 1924 Keynes gave a lecture at Oxford University which eventually , was published as a small book under the title *The End of Laissez-Faire*. In this work Keynes eulogized his old master, Alfred Marshall, for the "elucidation of the leading cases in which private interest and social interest are *not* harmonious."(26) This was an open admission by Marshall and Keynes that they considered private enterprise as frequently an anti-social force.

Keynes proceeded to expound, in clear-cut terms, that private enterprise, as a general rule, was historically finished and that socialized forms were a natural and progressive development of society.

Keynes' attitude toward the free enterprise system was in all essentials the same as that of the Fabian Socialists. The Fabian Socialist project of allowing private enterprise to operate while gradually chipping away at its foundation until the government takes over all functions was identical with the Keynesian concept. In *End of Laissez-Faire* Keynes advances the following preliminary softening-up stage as a basis for a future socialism:

I believe that in many cases the ideal size for the unit of control and organization lies somewhere between the individual and the modern State. I suggest, therefore, that progress lies in the growth and the recognition of semi-autonomous bodies within the State—bodies whose criterion of action within their own field is solely the public good as they understand it, and from whose deliberations motives of private advantage are excluded, though some place it may still be necessary to leave, until the ambit of men's altruism grows wider, to the separate advantage of particular groups, classes, or faculties

—bodies which in the ordinary course of affairs are mainly autonomous within their prescribed limitations, but are subject in the last resort to the sovereignty of the democracy expressed through Parliament.(27)

Keynes along with his Fabian cohorts considered that the large corporations had “socialized” themselves to the point where the profit motive became secondary. Keynes boldly declares:

In fact, we already have in these cases many of the faults as well as the advantages of State Socialism. Nevertheless we see here, I think, a natural line of evolution. The battle of Socialism against unlimited private profit is being won in detail hour by hour.(28)

Keynes’ disagreement with what he calls “doctrinaire State Socialism” is not one of principle but one of tactics. What he means by doctrinaire Socialism is the Socialism of Marxist groups.(29) These expressions have been used to try to give Keynes an anti-socialist coloring, in order to sell Keynes to non-leftists.

Keynes shows a strong prejudice against the risk capital that drives civilization into ever greater technical progress. He opposes economic measures which result in new consumer tastes among the public. He also sneers at private enterprise as “often a lottery,” from which “great inequalities of wealth come about.”(30)

In this same work Keynes showed an early bias (1924) against savings and investments as economic virtues. From virtues he transformed them into evils:

My second example relates to Savings and Investment. I believe that some co-ordinated act of intelligent judgment is required as to the scale on which it is desirable that the community as a whole should save, the scale on which these savings should go abroad in the form of foreign investments, and whether the present organization of the investment market distributes savings along the most nationally productive channels. I do not think that these matters should be left entirely to the chances of private judgment and private profits, as they are at present.(31)

Fabian Socialists have long considered those who saved and invested as a stumbling block against the march of Socialism.

Keynes’ concept of controlling society extends beyond political and economic matters. He even advocates social control of the number of children per family:

The time has already come when each country needs a considered national policy about what size of Population, whether larger or smaller than at present or the same, is most expedient. And having settled this policy, we must take steps to carry it into operation. The time may arrive a little later when the community as a whole must pay attention to the innate quality as well as to the mere numbers of its future members.(32)

As mentioned previously (by Clarence W. Barron in 1918), Keynes “is a Socialist that does not believe in the family.” Naturally, in order to control the birth rate the State must break up the family as an independent and free unit. Private enterprise in running the family, in other words, must also be subject to socialized control.

Keynes’ close friend and official biographer, R. F. Harrod, wrote: “He was not a great friend of the profit motive; he found something unsatisfactory in the quest for gain as such, and came to hope that an economic system might be evolved in which it was curtailed.”(33)

In view of Keynes’ opposition to “quest for gain as such,” it is interesting to note the extent to which he had personally participated in speculations and trading on the

international money market. Starting with 4,000 pounds in 1919, Keynes built up a personal fortune of 506,000 pounds (nearly 2½ million dollars) up to the depression year of 1937.

In 1921 Keynes organized an investment company made up of his cronies who had been with him in the British Treasury. The company was even called A.D. Company after the A Division of the British Treasury in which Keynes and his partners had worked.<sup>(34)</sup> With access to inside information from the British Treasury Department it was relatively certain that Keynes and his cohorts would be able to amass a large fortune.<sup>(35)</sup> It is easy to see why Keynes considered Ivar Kreuger, the world's greatest swindler, as "the greatest financial intelligence of his time." (*N.Y. Herald Tribune*, July 18, 1960, p. 15.)

Keynes' continuous attacks against those who engaged in the honest pursuit of profits via private enterprise are difficult to understand in view of his own most questionable financial dealings. However, a check of several hundred of the more prominent Fabian Socialists in England, and their counterparts in the United States, shows that with hardly an exception they manage to live in a high style either through speculation, profit-making or draw high salaries in government, tax-exempt foundations, universities or unsuspecting corporations. The publication of material on a lush royalty basis provides in itself a high standard of capitalistic luxury for hundreds of left-wingers. Prominent agitators against "Capitalism," according to data in *Who's Who in America*, have profited as individuals in all of the above categories. Obviously, Keynes was not alone in maintaining such a double standard.

In 1925 Keynes published three articles which were issued by the Hogarth Press (Fabian Socialist) under the title of *A Short View of Russia*.<sup>(36)</sup> These observations were gathered as a result of his visit to the Soviet union during that year. Somewhat appalled by the mass terror and the extermination of millions of people, he nevertheless refused to drop his belief in the Socialist goal. In speaking of the "mood of oppression" he stated:

In part, no doubt, it is the fruit of Red Revolution—there is much in Russia to make one pray that one's own country may achieve its goal not in that way. In part, perhaps, it is the fruit of some beastliness in the Russian nature—or in the Russian and Jewish natures when, as now, they are allied together.<sup>(37)</sup>

Keynes, it can be noted, tended to explain away mass murder in large part on the "Russian and Jewish nature" rather than a logical development of socialism itself. The goal of socialism is clearly Keynes' objective. It is interesting to note the undercurrent of anti-semitism in Keynes' reference to "some beastliness" in "Jewish nature." In the same article Keynes also observed that he had doubts "Russian Communism" would "make Jews less avaricious."<sup>(38)</sup>

By 1929 Keynes' teachings had become hardened into a full Fabian Socialist doctrine. He had supplanted his old mentor, Alfred Marshall, as the official economist of Fabian Socialism. Since the British Labour Party was an instrument of Fabian socialism the Keynesian theories formed the backbone of the Labour Party's economic platform.

When Ramsay MacDonald (a Fabian Socialist of longstanding) became Labour Prime Minister in 1929, Fabians swarmed into control of key government positions. Philip Snowden became Chancellor of the Exchequer and appointed Keynes to the key Committee of Enquiry into Finance and Industry. This was the body which was to draw up plans for steering British economy from private ownership into Socialism. In January 1930 Prime Minister MacDonald appointed Keynes to the Economic Advisory

Council.<sup>(39)</sup> Only the dislocation of economic life due to the world depression (1930) prevented Keynes and his cohorts from instituting Socialist economic measures for all of Britain. Mass discontent drove the Laborites from power.

In 1923 Keynes had acquired financial control of the British publication *The Nation*. This magazine had been the leading voice of Fabian ideas within the Liberal Party. Keynes remained Chairman of the Board of *The Nation* for seven years.<sup>(40)</sup> Under his direction this publication began to assume an even more leftist character. Extreme radicals including even Bolsheviks from Soviet Russia, wrote feature articles.

In 1931 Keynes negotiated a merger of *The Nation* with the *New Statesman*.

The *New Statesman* had been founded by Bernard Shaw and Beatrice and Sidney Webb in 1913 to expound Fabian Socialist views openly. It had been a conspicuous outlet for Socialist and Communist propaganda.

The new amalgamation was called the *New Statesman and Nation*. Keynes became a member of the Board of the new entity “and he was delighted to welcome Mr. Kingsley Martin as its editor.”<sup>(41)</sup> Kingsley Martin was a well-known Fabian Socialist leader.

During this period (1930) Keynes wrote a two-volume work entitled “A Treatise on Money,” which he had considered his major life-time work and as “the best picture of his total contribution to economics.”<sup>(42)</sup> This attempt proved to be a failure and even his left-wing friends did not see in this work any good propaganda possibilities. Technically it was promptly dissected by prominent economists and proved to be an inferior contribution.

Keynes during this period developed a keen interest in the United States. As previously noted, he had long been in touch with American Fabians such as Walter Lippmann and Felix Frankfurter and kept up a regular correspondence with them. During the summer of 1931 he made a trip to America. Through prominent financiers Keynes met some of the leading men of business in New York City. He also had interviews with the heads of Federal Reserve System and with President Herbert Hoover. On returning to England, Keynes submitted a lengthy report on American conditions to Ramsay MacDonald, who was then Prime Minister of a coalition government. MacDonald circulated this report as a Cabinet Paper.<sup>(43)</sup>

American Socialist elements began to see in the economic crisis an opportunity to put across some of their planning devices. The fact that the Republicans were in power under Herbert Hoover was no deterrent to the left-wing. Under the pretense of “economic emergency,” pressure was being brought to bear by leftists, in respectable guise, for building of strong executive powers and creation of special agencies which could act as nuclei for future Socialist operations.

With the defeat of Hoover and the election of Franklin D. Roosevelt Keynes’ American left-wing friends climbed into positions of great power. The campaign began to build up Keynes in America as the modern economic messiah. During June, 1933, Walter Lippmann and Keynes, by arrangement with the British Broadcasting Company, participated in a radio broadcast of their telephone conversation on political-economic matters to listeners on the two continents. “This was stated to be the first broadcast of a conversation between two individuals across the Atlantic.”

When Roosevelt went off the gold standard Keynes wrote an article in the *London Daily Mail* (June 1933). The headline declared, “President Roosevelt is Magnificently Right.” Keynes was exultant in his belief that the Roosevelt policies “lead to the managed currency of the future.”<sup>(44)</sup>

For years it had been a point of Socialist strategy that complete government control of currency and all money and currency values is a chief lever in moving society toward redistribution of wealth and complete Socialism.

The *New York Times* (Sunday, December 31st, 1933) featured an article entitled “From Keynes to Roosevelt.”<sup>(45)</sup> This article, which was embellished with a portrait of Keynes, covered a complete half page. Dubbed “An open letter to the President,” it was a political tip-off to the left-wingers, in and out of government, as to the line of action to follow.

Walter Lippman in writing to Keynes on April 17th, 1934, stated that: “. . . I do not know whether you realize how great an effect that letter (viz. that in the *New York Times*) had, but I am told that it was chiefly responsible for the policy which the Treasury is now quietly but effectively pursuing of purchasing long-term government bonds with a view to making a strong bond market and to reducing the long-term rate of interest.”<sup>(46)</sup>

Keynes made another trip to the United States in June, 1934. His old friend Walter Case, head of the investment trust firm of Case Pomeroy & Company, New York City gave a huge banquet for Keynes so he could meet many influential people. Felix Frankfurter, “gave him a batch of letters of introduction to personages in Washington who had important influence in the New Deal, members of the ‘Brains Trust,’ as it was then called. He had an interview with President Roosevelt.”

F.D. Roosevelt, in a personal letter to Felix Frankfurter, June 11, 1934 wrote, “I had a grand talk with K and liked him immensely . . .”<sup>(47)</sup>

Keynesian measures in the United States proceeded at full speed. Keynes’ influence was tremendous. A swarm of those who had been associated with the Socialist Party and its various divisions (League for Industrial Democracy, Rand School for Social Science, etc.) and their sympathizers entered various government agencies by the thousands. Keynesism was a respectable cover for emergency measures that were really designed for socialist purposes, as was realized by Frankfurter, Lippmann and their associates who could count on the help of Fabian minded persons like the President’s wife and Labor Secretary Frances Perkins.

Keynes’ official biographer gave a clear thumb nail sketch of the New Deal process when he wrote:

Keynes soon had followers in America who meant business, and by the time that the slump of 1937-38 came, some of these were already in a position where they could exert influence on presidential policy. Even in 1934 his views may have affected the course of events in the United States, not through the President, but through the clever back-room boys who had their ears to the ground.<sup>(48)</sup>

Keynes consistently busied himself in undermining private enterprise. In the *Yale Review* (1933) Keynes wrote:

The decadent international but individualistic capitalism, in the hands of which we found ourselves after the war, is not a success. It is not intelligent, it is not beautiful, it is not just, it is not virtuous—and it does not deliver the goods. In short, we dislike it and are beginning to despise it.<sup>(49)</sup>

However, in spite of prejudice against “international capitalists,” Keynes during this same period speculated in United States securities. He had received inside information on those securities which were depressed far below their true long range value. Keynes’

official biographer refers to these speculations:

He paid special attention to public utilities, which, in his view, were suffering from vague fears induced by the New Deal, taking trouble to enlarge his knowledge of particular bonds and stocks. And then he went deeply in, following his maxim now of taking long views as an investor. His American public utility holdings made the most important contributions to the great increase of his fortune in the 'thirties.<sup>(50)</sup>

This curious dualism in Keynes merely followed the pattern of other wealthy revolutionaries like Bernard Shaw, Joseph Fels, (Fels Naphtha) and Karl Marx's alter ego Friedrich Engels.

Bernard Shaw in his Fabian socialist book the *Intelligent Woman's Guide to Socialism and Capitalism* (1928) wrote:

At last their duties (the capitalist –ed.) have to be taken out of their hands and discharged by Parliament, by the Civil Service, by the War Office and the Admiralty, by city corporations, by Poor Law Guardians, by County and Parish and District Councils, by salaried servants and Boards of paid directors, by societies and institutions of all kinds depending on taxation or on public subscription.<sup>(51)</sup>

Six years later Keynes echoed the same Fabian concept when he wrote:

Thus, for one reason or another, Time and the Joint Stock Company and the Civil Service have silently brought the salaried class into power. Not yet a Proletariat. But a Salarist, assuredly. And it makes a great difference.<sup>(52)</sup>

The concept of *Salarist* as the new ruling elite of socialism, instead of the old Marxist concept of working class or proletariat, is the distinguishing feature of the Fabian Socialist thinking. The word *Salarist* is obviously a semantic construction based on the Marxist term *proletariat*. Actually the principle of the *Salarist* as exemplified in the Soviet bureaucracy is looked upon by Fabian theoreticians as a living proof of their thesis.

When the Fabian leader George Lansbury visited the Soviet Union in the early twenties he wrote:

When I suggested he (Lenin–ed.) should ask Sidney and Beatrice Webb to go out and teach his friends how to organize administration, he smiled and said he did not mind me suggesting that the Bolshevik scheme of things was a glorified kind of Fabianism.<sup>(53)</sup>

As Bernard Shaw and Keynes outlined above, the *Salarist* is the administrative vehicle designed to operate the Socialist society. The problem of administration even in the early days of Bolshevism already involved the *Salarist* as the key to the Soviet bureaucracy.

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<sup>1</sup> John Maynard Keynes, *Economic Consequences of Peace*, Harcourt, Brace, N.Y. 1920.

<sup>2</sup> John Neville Keynes, *Scope and Method of Political Economy*, Fourth edition, Kelley & Milman, N.Y. (first published 1890).

Especially interesting is the fact that the elder Keynes vigorously attacked the principle of private enterprise (Laissez-Faire). See pp. 67-74.

Thirty-six years later his son, John Maynard Keynes, published a book under the title *The End of Laissez-Faire* (1926).

<sup>3</sup> *Fabianism in the Political Life of Britain*, McCarran, p. 20.

**4** *History of Economic Analysis*, J.A. Schumpeter, pp. 765, 833, 888.

**5** *The Life of John Maynard Keynes*, R.F. Harrod, p. 192.

**6** *Ibid.*, p. 88

**7** *Ibid.*, p. 93

**8** *Ibid.*, pp. 60-61.

**9** *Ibid.*, p. 107.

**10** *Fabianism in the Political Life of Britain*, p. 61.

**11** *Life of John Maynard Keynes*, p. 180. A good analysis of the career of Carlo Andrea Pozzo di Borgo can be found in the 12th Edition of the *Encyclopedia Britannica*.

**12** *Ibid.*, p. 123.

**13** *History of Economic Analysis*, J.A. Schumpeter, p. 833n.

**14** *Life of John Maynard Keynes*, p. 164.

**15** Some references on this topic are:

*Fabian Essays in Socialism*, 1889 *passim*.

*A Guide Through World Chaos*, G.D.H. Cole, p. 220. (Mr. Cole is a prominent Fabian leader.)

*Fabianism in the Political Life of Britain*.

Sister McCarran brings out the fact that the Fabians believed “The departure from the gold standard had rendered it easier to attack the *rentier* class by stabilizing the pound at a level below its old parity.”

Also some Fabians believed that the pound “should be allowed to drop until the *rentier* class should be despoiled.” (1913) p. 545.

**16** *Life of John Maynard Keynes*, pp. 213-216.

**17** *They Told Barron*, The notes of Clarence W. Barron, Harpers, N.Y., 1930, pp. 188-189.

**18** *Life of John Maynard Keynes*, p. 254.

**19** John Maynard Keynes, *The Economic Consequences of the Peace*, Harcourt, Brace, N.Y., 1920, p. 294.

**20** *Fabian News*, London, March 1920, p. 17.

**21** “G.L. Dickinson,” *Columbia Encyclopedia*, 2nd ed.

**22** *Life of John Maynard Keynes*, p. 290.

**23** *Fabian News*, Oct. 1909, p. 78.

**24** *Life of John Maynard Keynes*, p. 224.

**25** *Economic Consequences*, p. 294. As noted previously, Walter Lippmann quit the United States staff at the Peace Conference over the identical question during the same period.

**26** John Maynard Keynes, *The End of Laissez-Faire*, Hogarth Press, London 1926, p. 27. (A Fabian publishing house.)

**27** *Ibid.*, p. 41.

**28** *Ibid.*, p. 44.

**29** *Ibid.*, p. 45.

**30** *Ibid.*, p. 47.

**31** *Ibid.*, pp. 48-49.

**32** *Ibid.*, p. 49.

(Keynes had no children.)

**33** *Life of John Maynard Keynes*, p. 333.

**34** *Ibid.*, p. 299.

**35** *Ibid.*, p. 300.

Here R.F. Harrod, Keynes' chief disciple, writes:

It is clear that in the early rapid build-up of his private fortune he cannot have relied upon long-term considerations or even upon business-cycle movements; in this case it was quicker changes that he had to take into account; he traded very actively, moving in and out continually.

In the management of his own capital and in these small companies, the aim in early days was to get a quick enlargement of capital, and the method one of extreme boldness, decisions being taken on an economic appraisal of the general situation.

Keynes knew that his own father would disapprove of his speculative practices. In a letter to his mother on September 3, 1919 Keynes wrote: "My diversion, to avoid the possibility of tedium in a country life, is speculation in the foreign exchanges, which will shock father but out of which I hope to do very well." (p. 288)

Since the British Treasury had the inside track on future monetary fluctuations of a far flung Empire it was relatively easy for the "AD" gang to make profits in this field.

Keynes even wrote an involved theory, full of economic double-talk, to show that his speculations did no harm to the consumer or to society; whereas speculations of others could do great harm. (p. 303)

**36** John Maynard Keynes, *A Short View of Russia*, Hogarth Press, London, 1925.

**37** *Ibid.*, p. 27.

**38** *Ibid.*, p. 15.

**39** *Life of John Maynard Keynes*, p. 397.

**40** *Ibid.*, p. 335-36.

**41** *Ibid.*, p. 397

**42** *Ibid.*, p. 403.

**43** *Ibid.*, p. 437.

**44** *Ibid.*, p. 445.

**45** John Maynard Keynes, "From Keynes to Roosevelt." *New York Times*, Sunday, December 31, 1933, p. 2xx.

**46** *Life of John Maynard Keynes*, p. 450.

**47** *Ibid.*, p. 448.

Frankfurter was not the only Harvard Professor in Keynes acquaintance. As early as 1927 Keynes was in close contact with other Harvard professors through the agency of the "Harvard Economic Service." p. 394.

**48** *Ibid.*, p. 450.

**49** John Maynard Keynes, "National Self-Sufficiency." *Yale Review*, (Summer, 1933) p. 760, quoted in *Science & Society*, Winter 1947, vol. XI, no. 1, p. 63. (*Science & Society* is cited as a communist publication by government bodies.)

**50** *Life of John Maynard Keynes*, p. 448.

**51** *Intelligent Woman's Guide*, p. 32.

**52** John Maynard Keynes, "Mr. Keynes Replies to Mr. Shaw," *Stalin-Wells Talk*, *New Statesman and*

*Nation*, 1934, p. 35. (Printed as a separate volume.)

**53** *My Life*, George Lansbury, p. 243.

G.D.H. Cole, *Guide to World Chaos*, p. 489 ff. Cole deals extensively with the salariat concept.

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## [Chapter V – THE GENERAL THEORY BY JOHN MAYNARD KEYNES](#)

# KEYNES AT HARVARD

## *Economic Deception as a Political Credo*

BY

Z Y G M U N D D O B B S

*A Veritas Study*

2009 Web version transcribed from the  
REVISED AND ENLARGED EDITION (1969)

V

## THE GENERAL THEORY BY JOHN MAYNARD KEYNES

Since Keynes' *Treatise on Money* was a failure he proceeded to formulate a new approach for his political beliefs. For five years he labored to put together a theory which would serve to indoctrinate the bulk of the world's economists.<sup>(1)</sup> He calculated (and correctly) that if economists and economic instructors could be sold a politically inspired economic theory then these ideas would eventually percolate through to government, the schools and the general information media. Keynes summed up this aim with the observation that: "the ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed the world is ruled by little else."<sup>(2)</sup>

This time Keynes dropped his lone wolf role. He recruited some of Britain's most outstanding left-wing economic experts to aid him. Joan Robinson, an internationally recognized Marxist (official Communist sources accept her opinions) was a key assistant on this project. R.F. Kahn, one of the world's outstanding experts on Socialist economic theories, collaborated with Keynes, and "his share in the historic achievement cannot have fallen very far short of co-authorship."<sup>(3)</sup>

His new work was designed to give ideological sinews to the Fabian Socialist movement throughout the world. In writing to Fabian leader Bernard Shaw, Keynes boasted:

To understand my state of *mind*, however, you have to know that I believe myself to be writing a book on economic theory which will largely revolutionize—not, I suppose, at once but in the course of the next ten years—the way the world thinks about economic problems. When my new theory has been duly assimilated and mixed with

politics and feelings and passions, I can't predict what the final upshot will be in its effect on action and affairs. But there will be a great change, and in particular, the Ricardian foundations of Marxism will be knocked away.

I can't expect you, or anyone else, to believe this at the present stage. But for myself, I don't merely hope what I say—in my own mind I'm quite sure.(4)

Keynes' opus was finally published under the title of *The General Theory of Employment Interest and Money* (1936). This work has since been embraced by Socialists all over the world as their basic theoretical guide. We do not intend to deal in detail with the technical, mathematical and statistical aspects of this work. This has been done very competently by others and especially by Henry Hazlitt in his *Failure of the "New Economics"* (an analysis of Keynesian fallacies).(5) We are more interested in the social and political motives that impelled Keynes to put this work together. Hazlitt hit upon the heart of the matter when he wrote:

In the *General Theory*, in brief, Keynes did not suddenly discover that the traditional economic virtues were really vices and vice versa; he had practically always thought so. All that he hit upon was a new rationalization for his old bias.(6)

Harvard Professor Joseph A. Schumpeter, a Socialist economist, in speaking of the same matter, wrote:

The process stands out in this case with such unsurpassable clearness because we can read a formulation of the vision, as yet analytically unarmed, in a few brilliant pages of Keynes' *The Economic Consequences of the Peace* (1919).(7)

In continuing on the same subject matter, Schumpeter said:

It is true that in economics, and still more in other social sciences, this sphere of the strictly provable is limited in that there are always fringe ends of things that are matters of personal experience and impression from which it is practically impossible to drive ideology, or for that matter conscious dishonesty, completely.(8)

It is clear from our own studies and those representing all shades of opinion from left to right that Keynes, like Karl Marx, started off with a Socialist concept and then proceeded to develop theories to buttress his original leftist premises. Keynes' political thinking throughout the years was primarily Fabian Socialist.

For years Socialists, Communists and Fascists used Keynes' articles, books and speeches as authority in support of their cause. Margaret Cole, English Fabian revolutionary, has stated: "We Socialists used Keynes and the U.S.S.R. as touchstones" (Circa 1923).

Mrs. Cole presents an interesting parallel between Schumpeter's reference to "conscious dishonesty" and her own and Keynes' methods:

I, myself, as late as 1924, produced an elaborate calculation, published by the L.R.D. under the title *The Condition of the Working Classes*, which proved, by a combination of the official cost-of-living index of unemployment among Trade Unionists, that the working classes had been steadily worse off materially since the beginning of the century. My arithmetic was all right so far as it went; the only misfortune was that the conclusions were wrong, as I could have seen for myself if I had used my eyes and my common sense instead of barking up an ideological tree.(9)

In a footnote on the same question Mrs. Cole explains further how deception is used by left-wing theoreticians. She mentions Keynes and herself specifically:

This technique of using unquestioned but carefully selected facts to establish a decline in working-class standards, has been employed by other writers, of whom one at any rate has gone so far as to show that the British working-class has been getting steadily worse off ever since the Industrial Revolution. On which one can only comment: "If you can believe that you can believe anything." I am not proud of this performance of mine; I will only plead that greater minds than my own have been guilty of special pleading under the influence of strong emotional ideas. Keynes for example.(10)

The above confession of the use of correct figures and statistics to draw untrue and dishonest conclusions brings to mind the old adage "figures don't lie but liars can figure."

Twisting of statistics as a propaganda weapon, rather than relying on scientific objectivity, was a common practice of Keynes and his Socialist cohorts. Henry Hazlitt pinpoints Keynes' basic motives in the *General Theory* when he writes:

Like Marxism, this is a class theory of the business cycle, a class theory of unemployment. As in Marxism, the capitalists become the scapegoats, with the sole difference that the chief villains are the money-lenders rather than the employers.

And that, I suspect, rather than any new discoveries of technical analysis, is the real secret of the tremendous vogue of the *General Theory*. It is the twentieth century's *Das Kapital*.(11)

We do not intend here to explore the labyrinthine super-structure that Keynes erected in order to sell his preconceived Socialist notions. We will deal instead with his motives and intentions rather than the vapory justification for his creed.

The clearest picture of Keynes' *General Theory* as a weapon for Socialism can be found in books designed for Socialist readers. The chief interpreter of these methods today is John Strachey, British Fabian revolutionary who was War Minister of Britain in 1950 when the Labour Party was in power.

In counseling the Socialist movement on the use of Keynes' system in the *General Theory*, John Strachey craftily shows how the world can be duped into a Socialist system:

Was not a horrid possibility visible behind and beyond his (Keynes-ed.) proposals, each of which looked so innocuous when taken separately? If once it were admitted that capitalism could be regulated and controlled in this way, might not the wage-earning majority of the population come sooner or later to the conclusion that the thing to do was neither to put up with things as they were nor to go through the fiery furnace of social revolution, in order to establish a wholly new system, but to harness—to bit and to bridle—capitalism in *its* own interest? Was it not apparent that Keynesism had only to be pushed a little further and a state of things might emerge in which the nominal owners of the means of production, although left in full possession of the legal title to their property, would in reality be working not for themselves, but for whatever hands had grasped the central levers of social control?

For Keynes had rashly shown that those levers had only to be pulled and pushed this way and that, in order to manipulate the system at will. And, in a democracy, would not those hands in the end almost certainly be those of the representatives of the wage-earning majority of the population? Might not the end of the story be that the once proud possessors of the means of the production would find themselves in effect but agents and managers on behalf of the community? If this was saving capitalism, its true defenders felt it was saving it in a most Pickwickian sense.(12)

Tongue-in-cheek claims that the original intent of the Keynesian theory was to save

capitalism is one of the greatest hoaxes perpetrated in modern times. As can be seen above, Socialist leaders consider this approach not only very effective but also somewhat amusing. In the United States, Harvard Professor of Economics Seymour E. Harris, carries forward this illusion by editing a volume of Keynesian propaganda under the dubious title of *Saving American Capitalism*.<sup>(13)</sup>

Cold bloodedly, Strachey dissects the “saving capitalism” feature of Keynes’ *General Theory*:

But the capitalists have really had good reasons for their reluctance to be saved by Keynesian policies. If we look more closely at the remedies proposed, we shall find that their implications are much more drastic than they seem to be at first sight. And when we come in later volumes of this study to consider the results of the application of Keynesian measures in America, Germany and Britain, respectively, we shall find that in fact the changes effected by them have been subtle, but nevertheless far-reaching.<sup>(14)</sup>

Left-wingers quickly saw the Socialist intent behind the confusing maze of Keynes’ system. They realize that the entire Keynesian apparatus is based upon the principle of control and regulation by government. Strachey summed this up when he wrote:

The positive part of Keynes’ work (*General Theory* –ed.) was a demand that capitalism should now be regulated and controlled by a central authority. Such an authority need not, and indeed should not actually plan what should be produced in what quantities. But it must see to it that total demand is always enough to clear the market at remunerative prices, and yet not so great as to drive up prices in an inflationary spiral. This it must do by constantly taking counter-measures of a balancing character, designed to offset the oscillations of the system. The principal instruments of its policy should be variations of the rate of interest, budgetary deficits and surpluses, public works and a redistribution of personal incomes in the equalitarian direction. This positive side of Keynes’ work requires an authority to do the regulating and that authority can be, in contemporary conditions, nothing else but the government of a nation-state.<sup>(15)</sup>

One of the central themes in Keynes’ system is a condemnation of the principle of “savings.” Henry Hazlitt condenses this principle succinctly:

Here is the *General Theory* in a nutshell, with its trans valuation of all values. The great virtue in Consumption, extravagance, improvidence. The great vice is saving, thrift and “financial prudence.”<sup>(16)</sup>

In his attack upon the principle of savings Keynes merely echoed an old revolutionary stratagem of Fabian Socialists. At the Labour Party Conference in 1923 the Fabians “rejected the concept that private savings increase community national assets.”<sup>(17)</sup> Even earlier (1916) the Fabians declared “large savings by a wealthy class have an inherent evil; they increase and perpetuate a functionless, tribute-levying class of *rentiers*, which is already a dangerous element in the State.”<sup>(18)</sup>

The concept of eliminating savings is not an economic one but a political one. If there are no savings there is no private money for investment. Without private investors the government must provide investment capital. If the government provides for investment it has the power to dictate the conduct and processes of those who need investment capital. The trick is to get control of the government and then the road to socialism is automatically assured. This is the type of “social lever” that Stalin was fond of illustrating.<sup>(19)</sup>

The social devil in Keynes’ concept is the *rentier*. It is noted above that this is also the villain in the Fabian script. Henry Hazlitt sums up this phase brilliantly when he says:

How, then, would Keynes force down interest rates and even the return to the entrepreneur and still get his saving, investment, and production? What he really has in mind, apparently, is *seizing the money through taxation and creating forced "investment"* through the government. Does my assumption go too far? Then listen to this:

Though this state of affairs (just about enough return to cover cost of capital replacement) would be quite compatible with some measure of individualism, yet it would mean the euthanasia of the rentier, and consequently, the euthanasia of the cumulative oppressive power of the capitalist to exploit the scarcity value of capital (pp. 375-376). [Keynes' *General Theory* –ed.]

For the light it throws on the heart of Keynes' message and on the popularity of his ideas among leftists, this sentence is one of the most revealing in his book. Notice how patronizingly individualism (*i.e.*, individual liberty) is treated. Keynes would graciously allow "some measure of" it. But he insists on "the euthanasia of the rentier." Euthanasia means painless death. That is, the death of the rentier would be painless to Keynes. There is an old proverb that if you want to hang a dog you must first call him mad. If you want to knock a man down you should first give him a bad name. So Keynes uses the French *rentier* as a smear word. The rentier is the terrible fellow who saves a little money and puts it in a savings bank. Or he buys a bond of United States Steel, and uses his cumulative oppressive power as a capitalist to exploit the U. S. Steel Corporation.

All this is demagoguery and claptrap. It differs from the Marxist brand only in technical detail.(20)

One of the practical political consequences of Keynes' State socialism was the establishment of a "closed economy." Strachey counsels the world Socialist movement that Keynes' policies "could only work if the economy were not only controlled, but closed."

Left-wing advocates of a closed or "stationary" system represent a reaction against the changing processes in a free economy whereby new products, changes in models and improved techniques constantly force a continuing readjustment to meet the new conditions. For example, Khrushchev criticizes our way of life as being wasteful and frivolous because the large variety of consumer goods to his mind is not basically useful from a Socialist point of view. A "closed system" would eliminate this "economic frivolity." Curiously enough, this concept is a basic pattern in all Communist, Socialist, Fascist and Nazi type systems.

Professor David McCord Wright pinpoints the entire matter into a few sentences:

First of all, such a stationary state—any stationary state—must have some means of keeping itself stationary. But I believe that in every generation of every culture there will be found at the least a few people who speculate about other possibilities of doing things—both technologically and socially—and who are not content to rest at mere speculation. Such men must be quietly eliminated or forced into line if the static culture is to remain undisturbed. They cannot be allowed "freely" to compete for leadership, on any dangerous scale, or to upset the industrial routine by new methods. But our mores do not, in theory anyhow, as yet approve of such authoritarian smothering of novelty. Thus we have a dilemma which I have summed up elsewhere as follows: "If we make men 'free' they become creative (questioning), and if they become creative they create trouble, and also, in many cases, growth." Thus the emergence of unstabilizing novelty is an almost inevitable concomitant of what in this country has been considered Freedom.(21)

Left-wing top leaders of all types have privately known that "freedom" must be curbed in order to have socialism. Professor Wright shows that any socialistic order requires that men who do things "both technologically and socially" must be "forced

into line” or quietly eliminated. This question has been carefully kept out of print in agitational and propaganda literature not only to fool the public but also to mislead the rank and file radical membership. In the subsequent chapter we will show where some “mild socialists” not only intend that progressive thinkers be “eliminated quietly” but also plan to use methods that are not so quiet, i.e. “firing squads.”

Those who claim that Keynesism, socialism and communism possess all “progressive” and “advanced” theories and attitudes are thus unmasked as the real reactionaries who want to retard and freeze development in order to make their system more stable and easier to control.

Keynes used a technique in his *General Theory* to make it difficult for economists and sociologists to dissect his theory as they did when he wrote his *Treatise on Money*, in 1930.

Professor Samuelson, a prominent Keynesian teacher, considers that the *General Theory* “abounds in mares nests and confusions” and boasts “that the very obscurity of the book is an embarrassment, not to the disciple of Keynes, but chiefly to his critics: it bears repeating that the *General Theory* is an obscure book that would-be anti-Keynesians must assume their position largely on credit.”(22)

Keynes invented new definitions for old concepts, new words and phrases to replace those that have proved to be adequate. Hazlitt says that Keynes succeeds in “being involved and technical without being precise . . . One of the most striking characteristics of the book is looseness of many of the leading terms, and the constantly shifting senses in which they are used.”(23)

Henry Hazlitt performed a truly monumental service in cleaning out the Augean stables of Keynes’ semantic obscurities:

I have been unable to find in it a single important doctrine that is both true and original. What is original in the book is not true; and what is true is not original. In fact, as we shall find, even much that is fallacious in the book is not original, but can be found in a score of previous writers.(24)

Such semantic subterfuges although intellectually dishonest, do represent a great strategic advantage in driving towards socialism.(25)

In one fell swoop, the Keynesians have managed to side-track, by-pass and confuse all minds previously educated in economic thinking, relegating them, so to speak, to the scrap heap. The new terms, which are more abstract and vague than the time tested old ones, make it possible to indoctrinate an entire generation of college students exclusively with Keynesian dogma; while leaving it totally ignorant of the workings and benefits of our competitive free enterprise society.

Although the *General Theory* rests on a super-structure of confusing verbiage, the basic definition of “classical economists” is ascribed by Keynes as “a name invented by Marx.”(26) Keynes follows this revolutionary definition throughout his book. “Classical economists” are the dragons that Keynes sets out to slay.

It is an interesting feature that the basic authorities underlying Keynes’ major work are revolutionaries. He mentions that some of the basic concepts “only live on furtively, below the surface, in the underworlds of Karl Marx, Silvio Gesell or Major Douglas.”(27)

Keynes gives credit to Silvio Gesell (1862-1930) for his concept of “socialization of

investment” in the *General Theory*. Gesell was a successful merchant who retired with a sizeable fortune and devoted himself to writing radical propaganda. In 1919 he became Minister of Finance of the revolutionary Soviet in Bavaria. He was court martialed for Bolshevik insurrectionism.(28)

Another major prop of Keynes’ theory is Mrs. Joan Robinson.(29) Keynes’ biographer writes “Mrs. (Joan) Robinson, who afterwards achieved international fame, deserves mention as an ardent disciple of Keynes; he had high regard for her intellectual powers.”(30) Keynes in his *General Theory* gives full credit to Mrs. Robinson for her contributions to his theory. What Keynesians do not say is that this lady is considered in international communist circles as one of the world’s outstanding Marxists.(31) Mrs. Robinson has widely publicized the fact that the differences between Marx and Keynes are only verbal. She later wrote; “The time, therefore, seems ripe to bridge the verbal gulf.”(32)

Among Mrs. Robinson’s accomplishments is an article on Marxism in the Communist magazine *Science & Society*.(33)

Keynes picked the brains of Knut Wicksell and other socialist theoreticians of Sweden, borrowing their economic theories for his major work. Hazlitt expresses the suspicion that Keynes’ so-called original contributions were largely borrowed when he writes:

Keynes was undoubtedly acquainted with Wicksell’s work. He refers to it frequently in his *Treatise on Money*. Even in the *General Theory* he devotes one footnote of a couple of lines to “the ‘natural’ rate of Wicksell” (p. 183), and another couple of lines to him in connection with the “natural” rate of interest (p. 242). But, mysteriously, he never mentions Wicksell at all when he is making the same criticisms of the “classical” theory of interest as Wicksell had made a generation before the appearance of the *General Theory*.(34)

Actually Keynes had been copying from Wicksell, both from published articles and in person, for many years. As early as 1916 Keynes entertained Wicksell in London, discussing economic questions with him.(35)

George Soule, a well known American socialist and an advocate of Keynesism admits the relationship of Keynes to the Swedish socialists when he states:

Wicksell stimulated a number of well-known living Swedish economists, for example, Myrdal, Lundberg, and Ohlin, to carry similar work further. They became known as the Stockholm School. Their doctrine, though parallel to that of Keynes, differs in detail and presents a less comprehensive theoretical system.(36)

The socialist economist Joseph Schumpeter, while at Harvard, indicated that Keynes’ *General Theory* was strictly a political stroke, brilliantly done, to palm off socialism on the world under the guise of saving capitalism. Professor Arthur Smithies, current chairman of the Harvard Economics Department, himself a Keynesian, points this out clearly:

Schumpeter did not credit Keynes with a single major improvement in the technique of economic analysis. His admiration was confined to the skill with which Keynes constructed a vehicle to convey his ideology—an ideology that, in Schumpeter’s views, rivals Marx in undermining the pillars of capitalism.(37)

When the *General Theory* (1936) appeared, the left-wing coterie in the Roosevelt administration seized upon it as the “Bible of the New Deal.” Communist elements within the Roosevelt administration resented the apparent downgrading of Marx, who

according to the Kremlin was the ultimate authority on all socialistic matters. Communists declared at that time:

It is no secret that Keynes is *persona grata* at the White House, and that he wholeheartedly approves of an expansion of government investment both in this country and in the British Isles.

It is not surprising, therefore, to learn that the *General Theory of Employment, Interest and Money* has proved a best seller in Washington, where, the pundits of the government are working overtime at mastering Keynes' proposals . . .(38)

As the saying goes in the criminal underworld "it takes one to know one." The Communist hierarchy quickly saw through the Keynesian verbiage and described the processes as follows:

What is necessary in order to determine the amount of resources which shall be devoted to producing instruments of production? First, a supervisory body with power to take "resources" and put them where it wants them. The "resources" Keynes means are labor, equipment, and natural resources. You "take" them by giving one firm "money" to buy them with or, if it has the money, by seeing that it buys what you want it to buy and in the amount you want it to buy. If it hasn't the money, you take it from another firm which has. But from which one? From a profitable one? Or from one which is declining and has no profits but which, you think, ought to decline more quickly? Someone may object that this individual treatment is not necessary—the state will control the sales receipts in whole or in part and determine what new investment is to be. But since wage and capital expenditures vary from firm to firm, the range of decisions must be made—no flat percentage is possible. Control of this sort must cope with prices and wages. If the state has forced investment in one direction so that goods cannot be sold at profitable prices, it still cannot allow prices to be raised if this would result in unused capacity and unemployment. It must make up the difference from somewhere else and take a hand in the price policy. Nor can it fail to take into account—and supervise—the wages as between firms and industries. Nor is this all. The specific things in which an entrepreneur invests must be supervised. Is it not plain that when the state allocates the funds, it largely determines who shall and who shall not make profits? It would mean saying which firms are to come into and which are to go out of existence, which ones are to grow and which to decline, and at what rates. This, with several hundred thousand corporations, is not a job of the same order as changing the discount rate or buying or selling government bonds or any of the other monetary controls Keynes formerly talked about.(39)

It has been a source of amazement to many observers to see heads of industry and leaders of finance flirting with the Keynesian concepts and enthusiastically supporting Keynesian pundits both in the government bureaucracy and in the academic world. However, if the government is to have the power arbitrarily to pick those in business who are slated for oblivion and those who are chosen for preferred treatment, then the smart thing for unprincipled opportunists to do is to court those who are in power or who may come into power; thereby getting on the "gravy train."

The catch in the whole concept is something that the communists failed to mention. The Keynesian practices are merely the means to manipulate society by degrees towards complete socialism. It is a scheme to exploit the "dog eat dog" element in human nature in order to put over something which the average Keynesian entrepreneur considers rather remote, i.e. to use one set of capitalists to help bury their competitors and then apply the final *coup de grace* to the whole system of private enterprise. This, incidentally, is the principle that enabled the Bolsheviks to assume political power in Russia with ridiculously small forces.

Keynes' *General Theory* tied the elements of Fabian Socialism in Britain and the United States into one ideological package. As pointed out previously, Keynesian theories had already been the backbone of British and American Fabian Socialist thinking for many years.

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**1** John Maynard Keynes, *General Theory of Employment Interest and Money*, Harcourt, Brace, 1936. Keynes declares in his preface: “. . . it is my fellow economists, not the general public, whom I must first convince.” p. vi.

**2** *Ibid.*, p. 383.

**3** *History of Economic Analysis*, J.A. Schumpeter, p. 1172.

**4** *Life of John Maynard Keynes*, p. 462.

**5** Henry Hazlitt, *Failure of the “New Economics,”* D. Van Nostrand, Princeton, 1959.

**6** *Ibid.*, p. 98.

**7** *History of Economic Analysis*, p. 42.

**8** *Ibid.*, p. 43.

**9** Margaret Cole, *Growing Up Into Revolution*, 1949, p. 90.

**10** *Ibid.*, p. 90.

**11** *Failure of the “New Economics,”* p. 287.

**12** John Strachey, *Contemporary Capitalism*, Random House, N.Y., 1956, pp. 287-88.

John Strachey has had a most remarkable and erratic career. Born of an aristocratic British family he embraced the revolutionary movement at an early age. As a Fabian (1924) he became a disciple of Sir Oswald Mosley. When Mosley left the Fabian Society, in a disagreement over policy, Strachey followed him. Mosley soon gravitated to Fascism and eventually embraced the Nazi movement. Strachey, at this point, broke with Mosley and gravitated to the Communist camp. Becoming an enthusiastic partisan of Soviet Bolshevism, Strachey wrote *The Coming Struggle for Power*. This became a text book for Communists all over the world. In 1943 Strachey re-entered the Fabian Society and promptly became Under Secretary of State for Air in Clement Atlee's Labour Cabinet. He was British Minister for Food from 1946 to 1950. He became British War Minister in 1950. Strachey's exposition of Keynes' theories as a means of sneaking into Socialism is accepted as a basic Socialist procedure all over the world. American Fabians operating through organizations such as the Americans for Democratic Action and the League for Industrial Democracy are largely guided by Strachey's pronouncements.

**13** Seymour E. Harris, Editor, *Saving American Capitalism*, Alfred A. Knopf, N.Y., 1948.

**14** *Contemporary Capitalism*, p. 284.

**15** *Ibid.*, p. 310.

**16** *Failure of the “New Economics,”* p. 127.

**17** *Fabianism in the Political Life of Britain*, p. 54.

**18** *Ibid.*, p. 92, quoted from *How to Pay for the War*, Fabian research department, Fabian Society, Allen and Unwin, London, 1916, p. 270.

**19** Joseph Stalin, *Leninism*, International Publishers, 1928, *passim*.

**20** *Failure of the “New Economics,”* pp. 379-80.

**21** *Contemporary Capitalism*, p. 305.

David McCord Wright, “Schumpeter's Political Philosophy” in *Schumpeter, Social Scientist*, edited by S.E. Harris, p. 134.

**22** Paul A. Samuelson, quoted in *Failure of the “New Economics,”* by Henry Hazlitt, pp. 2-3. Samuelson (Harvard 1941) is the author of *Economics—An Introductory Analysis*, McGraw-Hill, N.Y. This economics

text book has been the most widely used source in the colleges and universities in the United States. Professor Samuelson's skillful injection of Keynesian concepts in this work has brought many complaints from parents, instructors and businessmen.

**23** *Failure of the "New Economics,"* p. 9.

**24** *Ibid.*, p. 6.

**25** *Life of John Maynard Keynes*, p. 304.

The use of trick verbiage was not new to Keynes. In 1920 he worked on an abstract thesis called *Treatise on Probability*. He had started this work in 1914 and then laid aside his notes. Keynes had calculated to confound the philosophic world by inventing a new phraseology to cover his theme. However, he was "hoist with his own petard." Keynes' disciple Harrod writes "he found some difficulty in acclimatizing himself once more to the complicated mathematical language of his own devising."

**26** *General Theory*, Keynes, p. 3.

**27** *Ibid.*, p. 32.

**28** *Ibid.*, pp. 354-355, 379.

**29** *Ibid.*, p. viii.

**30** *Life of John Maynard Keynes*, p. 433.

**31** Paul M. Sweezy, "John Maynard Keynes," *Science & Society*, Fall, 1946, p. 405.

**32** *Science & Society*, Winter, 1947, p. 61.

**33** Joan Robinson, "The Labor Theory of Value," *Science & Society*, Spring, 1954, Vol. xiii, No. 2, pp. 145-46.

SCIENCE & SOCIETY, cited as a Communist publication. (Special Committee on Un-American Activities Report, March 29, 1944, p. 96.)

*Guide to Subversive Organizations and Publications* – May 14, 1951, p. 149.

"*Science and Society* was launched a little over a year ago. It entered the arena with an important and complex task to perform: to help Marxward moving students and intellectuals to come closer to Marxism-Leninism; to bring Communist thought into academic circles and to develop contributors from these circles; to stimulate the study of Marxism-Leninism; to bring Communist thought into academic circles and to develop contributors from these circles; to stimulate the study of Marxism-Leninism by demonstrating the integration of Communist theory and practice with American social life; to apply the dialecticmaterialist analysis to the natural and social sciences, and to cultural processes as a whole." Ref: *The Communist* (Official organ Communist Party, U. S. A.) Dec., 1937, pp. 1148-49.

**34** *Failure of the "New Economics,"* p. 215.

**35** *Life of John Maynard Keynes*, p. 211n.

**36** George Soule, *Ideas of the Great Economists*, Viking Press, N. Y., 1953, pp. 161-162. The Swedish Socialist Gunnar Myrdal, although an economist, was retained by the Carnegie Foundation to head a research study on the American Negro. This field, which was completely foreign to Myrdal (since he is a Socialist economist and there certainly is no Negro problem in Sweden), was entrusted to him apparently because of his left-wing bias and not because of his anthropological qualifications. Among those who worked in compiling the Carnegie report was James E. Jackson, Negro member of the national committee of the Communist Party of the U.S.A. and recent keynote speaker before the Russian Communist Congress in Moscow. Another researcher was Ralph J. Bunche, who at that time was well known as a follower of the Communist line and was a contributing editor of the Communist magazine, *Science & Society*. The results of this Carnegie study were published as *An American Dilemma*. Amazingly enough *An American Dilemma* was used as the main prop by the United States Supreme Court in its decisions on the Negro question. The decisions were applauded by the Keynesians and Communists in Washington and elsewhere. The fact that Felix Frankfurter has been an enthusiastic Keynesian supporter for many years and was a national officer of the N.A.A.C.P. did not prevent him from leading the Supreme Court in these decisions. Mention of the Carnegie grant brings to mind the fact that Frankfurter's protege in Harvard, Alger Hiss, had at one time been President of the Carnegie Endowment for International Peace.

**37** Arthur Smithies, "Schumpeter and Keynes" in *Schumpeter, Social Scientist*, Harvard University Press, 1951, p. 136.

**38** Edward Mount “The Equilibrists and Mr. Keynes,” *New Masses*, (official communist magazine) vol. xx, No. 10, Sept. 1, 1936, Part I. p. 18.

**39** *Ibid.*, Part II, *New Masses*, September 8, 1936, pp. 17-18

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## Chapter VI – KEYNESISM IN THE UNITED STATES

# KEYNES AT HARVARD

## *Economic Deception as a Political Credo*

BY

Z Y G M U N D D O B B S

*A Veritas Study*

2009 Web version transcribed from the  
REVISED AND ENLARGED EDITION (1969)

## VI

### KEYNESISM IN THE UNITED STATES

In the United States we have heard much of the “Keynesian revolution.” It has been made to appear that something entirely new, unrelated to previous movements, has appeared to save the world. When communism is mentioned we are told Keynesism is the perfect antidote. When depressions are discussed the Keynesian solution is put forth. When socialism is broached then the Keynesian theory is presented as a substitute. Whenever Big Government, huge foreign spending and heavy taxes are subject of complaint the Keynesian formulas are thrown in to convince one and all that these things are good for mankind.

In our study the obvious procedure was to check the personnel of the Keynesian camp. As noted before, old names identified with Fabian socialism began to appear as chief spokesmen for Keynesism.

Norman Thomas, titular head of the Socialist Party, declared: “Keynes has had great influence and his work is especially important in any reappraisal of socialist theory. He represents a decisive break with *laissez-faire capitalism*.”<sup>(1)</sup> Norman Thomas’ old associates of the League for Industrial Democracy, Alvin Hansen and Seymour E. Harris (both, professors of economics at Harvard) have become the chief spokesmen for Keynesian economics in the United States.<sup>(2)</sup> As usual, Harvard has carried the ball for extremists.<sup>(3)</sup>

The chief propagandists for socialism in the United States, Stuart Chase, (Harvard 1910) and George Soule, unlimbered their heaviest propaganda guns in favor of Keynesism.<sup>(4)</sup> Stuart Chase gloats over the success of this new socialist symbol and its successes:

John Maynard Keynes, as we have seen, stimulated furious activity in economic

circles. Nobody could write paper without mentioning him. In due time some of his followers turned their attention to the formulation of programs to help the United States out of the great depression. Alvin Hansen, Lauchlin Currie, and many other able economists could be named. In cooperation with lawyers, engineers, political scientists, they helped frame such projects as the Securities and Exchange Commission, new banking and labor laws, the vast farm credit organizations, the AAA, NRA, FDIC, Rural Electrification, TVA, FSA, Social Security, and many more. Keynes had said, "Do something"—and they went to work!(5)

According to the above account Keynes, while sitting in London, was practically the "unofficial President of the United States."

The infiltration and domination of key government bureaus by socialistic elements would not have been possible under the open label of socialism. However, by pretending to "save American Capitalism," old socialists, reinforced by new young recruits from universities, were phenomenally successful in imposing socialist measures upon society.

Old Guard socialist George Soule boasts:

Keynes gave the members of the professional economic fraternity a new lease on life. They now had a pattern of thinking which they could use in the positions of advice and responsibility to which many were called in government, banking, and even business. They could go on with endless refinements and elaborations. No wonder that Keynes had converted the British professional economists almost to a man, and that in the United States his influence has swept almost all before it. Adherence to laissez-faire in the classical vein can rarely now be found except in the writings of members of the economic "underworld," or among politicians or public-relations experts defending some special interest against some special tax or regulation.(6)

Keynesism secured the blessing of President Franklin D. Roosevelt (Harvard 1904). The Pandora's box was now open. Not only the socialists but communist agents and spies plus opportunists and careerists of all stripes, climbed on the Keynesian bandwagon. The socialists discreetly avoided mentioning that Keynes and the Keynesian theories were merely clever facades to cover the conquest by Fabian socialism of an unsuspecting population.

At all times the "party line" of the Keynesians was set and created in England by members and associates of the Fabian society. In fact, at no time have any of the fundamentals of left-wing economic and political theories originated in the United States. The Marxian socialist theories were brought to the United States by German immigrants. The Leninist-Stalinist doctrines were distilled in Russia. The Fabian socialist theories with their Keynesian garb originated in England.

Americans have no genius for originating grandiose ideologies. However, American leftists have demonstrated great tactical ability in propagating them in new sugar-coated forms.

Harvard Professor Seymour Harris even has the audacity to hide Keynesian socialism under the label of "Saving American Capitalism." Harris and Alvin Hansen, (later joined by J. Kenneth Galbraith) converted the Harvard Economics Department into a virtual Keynesian monopoly. Hundreds of instructors issued forth from the Harvard graduate school to infect educational institutions throughout the United States with Keynesian socialism. The approval of the New Deal, and later of the Fair Deal, made Keynesism the officially recognized economic theory.

The late Sumner H. Slichter, a Harvard professor for almost thirty years, was

responsible for infecting hundreds of students with Fabian socialist propaganda under the pretext of “required reading for economic courses.”\* He was adept at propounding the Keynesian creed by means of conservative phraseology.

Slichter did incalculable harm to our free enterprise society by advocating a national program of *creeping inflation*. Today, his disciples continue this dangerous policy. If unchecked such a course of action could destroy our present social fabric.

Actually Felix Frankfurter and his followers at Harvard had formed a powerful cell in the heart of the Government in Washington immediately after the New Deal was installed there. The stock jocular advice to the young success-seeker to “go to Harvard and turn left” was more truth than fiction. The *New York Times*, which pioneered in spreading Keynesism in this country, reports it thus:

To be in the “Harvard group” meant entree to the inner sanctum of the New Deal, where Felix Frankfurter, then a Harvard law professor, was lord high priest. “Felix the Frank” salted emergency agencies with prize students and proteges such as Corcoran and Cohen. Thus when Frankfurter pulled strings from Cambridge, policy decisions followed in Washington as if by magic. (Richard and Daz Harkness, “Where Are Those Rampaging New Dealers?,” *New York Times*, section 6, May 22nd, 1960, p. 86.)

Harvard’s Seymour Harris boasts that long before the printing of Keynes’ *General Theory* the Keynesian forces had conquered:

Yet the general pattern, especially as New Dealism evolved, checked well with Keynes’ strategy and tactics. More money, lower rates of interest, loan expenditure, measures to raise the propensity to consume, some freedom from dictation from abroad—all of these were the ingredients out of which the New Deal cocktail was made. The over-emphasis on raising money incomes as the means to rising output—all of these were ultimately largely repudiated . . . Keynes’ theories and programs undoubtedly had a substantial effect, even if it is difficult to trace. By 1933, the supporters of the new policies and even the man in the street, though unaware of the sources, were using arguments that Keynes had made commonplace.(7)

While casting a few stones at “American businessmen,” Harris notes that Keynesism conquered America even more thoroughly than it did Britain:

In this country, the view is widely held that Keynes contributed greatly to the evolution of New Deal economic policies; and the mere mention of his name will bring forth the most vituperative remarks by conservative American businessmen. Indeed, American economic policies in the thirties conformed to the Keynesian pattern much more than did the British†

Harris summed it up for the Keynesian forces in the United States in typical Kremlin-type cliches:

Our economy is no longer predominantly one of millions of workers, farmers, and small enterprises operating in a competitive manner; rather, each monopolistic group is organized in large agglomerations, struggling for the maximum share of the national output. Each monopolistic group has tremendous political as well as economic power, and is in a position to paralyze our economy.‡

The establishment of Keynesian principles in government circles have been so thorough that even non-socialists and anti-socialists have, been compelled to carry out Keynesian policies. Harvard’s J. Kenneth Galbraith, gloats over the fact of a government frozen in the Keynesian pattern:

There is a widespread notion that one of the most primitive of modern ideological choices is whether a government shall be Keynesian or not . . . no present or future administration really has the non-Keynesian choice . . .(8)

Keynesian leftists while holding power under the New Deal and Fair Deal Administrations constructed bureaucracies (manned by swarms of bureaucrats under civil service protection) which operate as self-socialized forms moving leftward regardless of the desires of the electorate or of elected officials. They are confident that a great national debt and continuing inflation plus enormous internal and foreign commitments assure the continuance of Keynesian operations for generations to come regardless of who is in power. The only alternative to Keynesism would be some very drastic political surgery accompanied by a re-organization and abolishment of the greatest part of the Federal bureaus.

Congressman James B. Utt (Calif.) reports:

We are rapidly coming to a point where a complete change of elected officials, including Congress and the White House, can mean little change in policy. You are governed more and more by people for whom you have never voted, for whom you never will vote, whom you have never seen, and whom you cannot recall by your vote. They are entrenched in the boards, bureaus and commissions, even at the policy level. For example, you may think that the Secretary of Labor sets the policy of his Department, but I know that much of the policy of that Department is set by Civil Service employees who have been with the Department for twenty years, and they have no intention, now or ever, of recommending to the Secretary of Labor any policy which does not fit their personal philosophy of government, and you cannot remove them or replace them by your ballot. That same situation exists in the State Department, and in fact in every bureau, board and commission. This is a form of invisible government and can lead to the most oppressive type of tyranny.(9)

Professors Hansen, Harris and other would-be administrators of society, do not set the tone of Keynesian-socialist propaganda. This is the task of such perennial socialist politicians as George Soule and Stuart Chase. These are the true experts in tricky and devious propaganda methods. Their pronouncements set the pace for the huge swarm of actual and would-be socialist bureaucrats. The self-righteous attitude that “I possess all of the virtues and sense of what is right while those that I criticize comprise all the evil” is their standard pose.

Stuart Chase, representing the Fabian socialists in the United States proposed Keynes as the socialist ideal long before Keynes wrote the *General Theory of Employment, Interest and Money* in 1936. Chase outlined the Keynesian principle of abandoning the gold standard in 1932 declaring: “Of course, currency can be kept in line deliberately, if men are so disposed, but a ‘managed’ currency laissez-faire will not permit.”(10)

He also states that: “Mr. Keynes, following Karl Marx, used the great corporation as an institution increasingly ripe for state control or outright ownership. He finds many parallels with the state trusts of Soviet Russis.”(11)

Stuart Chase called his book *A New Deal*. It was written in 1931 and published in 1932. Franklin D. Roosevelt borrowed this socialist slogan as a label for his administration. Mr. Chase, in describing the socialist aims, points up the matter:

Best of all, the new regime would have the clearest idea of what an economic system was for. The sixteen methods of becoming wealthy would be proscribed—by firing squad if necessary—ceasing to plague and disrupt the orderly process of production and distribution. Money would no longer be an end, but would be thrust back where it belongs as a labor-saving means. The whole vicious pecuniary complex would collapse

as it has in Russia. Money making as a career would no more occur to a respectable young man than burglary, forgery or embezzlement. “Everyone,” says Keynes, “will work for the community and, if he does his duty, the community will uphold him.” Money making and money accumulating cannot enter into the life calculations of a rational man in Russia. A society of which this is even partially true is a tremendous innovation.(12)

Thus, the “gentle socialists” would enforce their Keynesian formulas “by firing squad if necessary.” What was the consequence of advocating such mass slaughter? Within 24 months after publication of this policy, Mr. Chase was appointed to the National Resources Committee and a year later further rewarded by appointment to the Resettlement Administration. He quickly climbed to the Securities & Exchange Commission (1939) the TVA (1940) and finally settled in U.N.E.S.C.O. in 1949.

Two years before Keynes’ *General Theory* startled the world every major premise of that work was anticipated by Stuart Chase and George Soule as spokesmen of American socialism. The credit, however, does not begin there. The American Fabians merely restated the position held by the British Fabian Society.

Curiously the authorities used by Chase in his book the *Economy of Abundance* (1934) were G.D.H. Cole, J.A. Hobson, Julian Huxley, Bertrand Russell, J.M. Keynes, John Strachey and H.G. Wells, all spawned by the British Fabian Society. American sources used were Charles A. Beard, Adolph Berle, Harry W. Laidler, George Soule, Rexford Guy Tugwell and Thorstein Veblen, all Fabians of the home grown variety.(13)

In the concluding chapter of this book Mr. Chase declared: “A working dictatorship over industry is indicated, if the plant is to be efficiently operated. Technical performance cannot be subject to popular vote . . .”(14) This is a typical attitude of leftists who constantly shout for “more democracy” for themselves while plotting dictatorship against society.

Traditional left-wing demands for greater constitutional rights actually disguise a plot to do away with the present Constitution altogether. Stuart Chase and other Keynesian agitators have questioned the fundamental validity of the Constitution of the United States. Chase has advised his readers that the Constitution is “outmoded” and should be scrapped in favor of “more effective federal control” and “to circumvent the old doctrine of checks and balances, by setting up boards and commissions which, like the Federal Trade Commission, combine legislative, judicial and administrative powers.”(15) This matches the Keynesian concept of a strong Central Government without checks and balances, which in effect would allow one bureaucratic body to be policeman, judge, jury and executioner.

Another effective technique of the American Keynesians is the manufacturing of references and authority to give their writings an air of scientific validity. A standard maneuver is for a Keynesian like Stuart Chase to use as authorities for his propaganda such fellow Keynesians as George Soule, Alvin Hansen, Seymour Harris, J.M. Keynes and Thorstein Veblen. George Soule in turn uses all of the above plus Mr. Chase. Professor Seymour Harris will likewise then use Messrs. Chase and Soule plus all the rest and so on *ad nauseam*.(16)

Another method of creating the illusion of scientism is to form organizations which grind out statistics that can be used in socialist propaganda. An author like George Soule, for instance, will help compile statistics within such an “independent” organization and then will conveniently use figures from this same source, neglecting to mention his own participation.

Another common device is the use of statistics from government agencies in which Keynesian authors personally had a direct role as government bureaucrats. The prestige of the Government agency is exploited without the author's role in it being mentioned. Such deceptions both tacit and expressed are the stock-in-trade of U.S. Keynesians.

The reason for such methods is the left-wing writer's need to prove a matter "scientifically" and "impartially." Both the Marxist and Fabian ideology originally claimed to be "scientific" as opposed to free enterprise, which is pictured as "anarchistic" and "unscientific." Therefore a scientific facade is indispensable to create the illusion of modern progressivism. The Keynesian phase of the socialist movement continues the claim of scientific objectivity.

In the dissemination of their printed propaganda the Keynesian-socialists have developed a skill almost unbelievable in its effectiveness. Most of the booksellers in the United States use three basic guides in purchasing and sales promotion of new books. They are *The New York Times Book Review*, *The New York Herald-Tribune Book Review* and *The Saturday Review*. An examination of the reviews shows that a small Keynesian socialist group has an amazing influence, not only in writing and publishing the books America reads, but also in reviewing them.

By concentrating on the three above mentioned reviewing sources this small group has managed to influence the direction of our whole society. One example is the case of J.K. Galbraith reviewing Seymour Harris' book in the *New York Times*. The public naturally believes that this is an impartial and disinterested opinion. Most people do not know that Galbraith and Harris are Keynesian partisans at Harvard and often discuss each other's writings long before publication. By reviewing each other's works they assure favorable reception and big sales.

A brief research into this field shows the following: Seymour Harris' book reviewed by fellow Keynesian George Soule; Alvin Hansen's book reviewed by Soule; George Soule's book reviewed by Norman Angell (British Fabian socialist); another Harris book reviewed by J.K. Galbraith; J.K. Galbraith's book is reviewed by George Soule; Harris' book is reviewed by Keynesian Paul E. Samuelson; Bonaro A. Overstreet is reviewed by Stuart Chase; Norman Angell is reviewed by Alvin Johnson ; S.E. Harris reviewed by Bertram D. Wolfe; Harris reviewed by H.J. Laski (British revolutionary).(17)

With such a well organized clique all applauding each other, the forward march of printed socialist propaganda proceeds with giant strides.

The publishers of large newspapers and periodicals certainly must know by this time that this small group has converted the book reviewing field into a private merry-go-round. The writers and reviewers are one interlocking circle; they merely change seats with one another. Millions of books have been forced upon the brain-washed American public. This has resulted in a massive flow of propaganda for Keynesian-socialism plus great personal wealth for the author-reviewer clique.

Other sources of social propaganda are some of the book clubs. The Book-of-the-Month Club, for instance, has promoted the sale of many millions of volumes selected by a group which has rarely ever allowed a non-leftist into their circle.(18)

An analysis of Keynesism in the United States is incomplete without a discussion of the role of Harry Dexter White while Assistant to the Secretary of the U.S. Treasury. Harry White was considered by Keynes as the "central figure" in Keynesian manipulations in the United States.(19)

White played a major part in organizing Keynes' pet project—the International

Monetary Fund. In the interim, Harry Dexter White was exposed as an active Soviet spy.

As a member of the Silvermaster spy ring, Harry Dexter White was accused of keeping the Kremlin informed of the top U.S. secrets for many years. He was named as a member of the same spy ring with Alger Hiss, Lauchlin Currie and Frank Coe, all Harvard graduates. The function of this group, according to testimony, was not merely to relay information but also to create government policy which would be of benefit to the Soviets. Other related activities were to create jobs for additional red agents, promote those already employed to higher positions and furnish the left-wing generally (socialists as well as communists) with information which would be used to help the revolutionary cause.(20)

White became an official of the U.S. Treasury Department in 1934. Keynes' biographer states: "Only a few years ago, before his star had risen, he (White –ed.) had revered Keynes as the greatest living economist."(21) However, as later proved, White was a Soviet agent and the Keynesian cover was a convenient device for pro-Soviet activities.

While the United States was still presumably a neutral (1941), Keynes, while representing the British in the United States, declared publicly: "that Harry White was a 'constructive mind.'"(22)

In 1939 White had attempted to push through a plan for an All-American Bank which was quickly killed by Congress. Two prominent Keynesians, Harvard Professor Alvin Hansen and Adolph Berle, joined with White to extend the central bank idea on an international scale (1941). This was a world-wide extension of Keynes' idea of a central bank as a bureaucratic weapon to whip private enterprise along socialist paths. Such a scheme was also suited to the Kremlin, which saw in such a maneuver a chance to undermine and weaken capitalism.

Keynes agitated for this idea while in London. Thus Keynes and White coordinated the International Bank idea from both sides of the Atlantic. To this day, Keynesians see nothing in White's Soviet role. Keynes' biographer writes that in the Keynesians' plan "the central figure was undoubtedly Harry White. . . . He was a very remarkable figure, who should be accorded an honorable place in British annals . . . He had very solid intellectual quality and was an ardent admirer of Keynes' economic work . . ." (23)

This eulogy of Harry Dexter White was printed three years after he was exposed as a Soviet spy—typical of the attitude of Fabian socialist elements toward the whole coterie of spies and Fifth Amendment communists in the United States.

Included in the International Bank conferences with Keynes were such people as Virginius Frank Coe and Lauchlin Currie. Both of these gentlemen were named as espionage agents for the Soviets (Silvermaster cell.)(24)

In the preliminary conferences in Washington, Keynes became an intimate member of a social circle. This included "the Walter Lippmanns, the Frankfurters, the Achesons . . . and Archibald McLeish."(25)

Many people in the United States mistrusted Keynes due to his influence with New Deal extremists. His policies were blamed for driving the country into a new economic slump (1937-39). White kept cautioning Keynes that there was strong Congressional suspicion of the whole matter of an International Central Bank. Therefore they arranged among themselves a kind of mock battle to allay the fears of critics. Keynes' biographer puts it thus:

At heart he (White –ed.) admired and trusted Keynes. For diplomatic reasons a certain air of belligerency had to be maintained in public . . . Behind the scenes they ultimately became great cronies, going off to the baseball game together and having plenty of fun.(26)

When the Bretton Woods Conference convened, Harry Dexter White was its chairman.(27) Forty-four nations were represented and the International Monetary Fund was established with more than 8 billion dollars to work with. Keynes' disciple Harrod complained:

It was learned that Harry White would not be the Managing Director of the International Monetary Fund. Keynes had always tended to take it for granted that he would be, and had come to repose confidence in his outlook and his vigour; he felt that under White the Fund would be in safe hands.(28)

The meshing of Keynesian interests with Soviet espionage policies produced a complete harmony.

During this same period Keynes was on extremely good terms with the Soviet representatives. He wrote (July 21, 1944):

Our personal relations with the Russians have been very cordial and we have seen quite a lot of them socially. We like them exceedingly and, I think, they like us. Given time, we should, I believe, gain their confidence and would then be able to help them a good deal.*They want* to thaw and collaborate.(29)

Playing his dual role to the end Keynes also maintained cordial relations with international bankers. His biographer Harrod wrote: "His (Keynes' –ed.) old friend, Mr. Russell Leffingwell, provided him with a room to himself in the offices of J.P. Morgan."(30)

An emotional note involved the relationship between White and Keynes towards the end of Keynes' stay in the United States. Harrod, in describing a heart attack that Keynes suffered on the train to Washington, D.C. said: "And there, too, was Harry White, keeping patient vigil by his dear friend, full of sad anxiety."(31)

In 1946 White was made U.S. Executive Director of the International Monetary Fund. This was a year after a secret F.B.I. memorandum named White as an espionage figure.(32)

The intertwining of socialist and Soviet interests in the United States via the Keynesian path is characteristic of the entire history of the radical movement. When Soviet agents, dressed as Keynesians, were exposed publicly, the Keynesian forces set up a cry in their defense.

Two months after White was exposed publicly as a Soviet spy, Chester Bowles, in a book edited by Harvard Keynesian Seymour Harris, declared:

During the last year, the campaign against the Communist Party in America has taken on hysterical proportions. This campaign and the witch hunts which accompany it are diverting progressive-minded Americans from the real threat to our democratic future.(33)

Curiously, the Fabian-Keynesian technique influenced the Communists to such an extent that some of the top Communist Party leadership wanted to accept the Fabian form completely. Earl Browder as secretary of the Communist Party in 1945 "proposed its dissolution and the reorganization of the Communists into an educational institution.

This body should put up no election candidates of its own and would 'be *non-partisan* in character.' ”(34)

Browder, along with many others, was expelled for violating Kremlin discipline. It was charged that “Another major element in Browder’s opportunism was its Keynesism.”(35)

Browder and other Communists realized that they could secure political power by adopting the stealthy methods of the Fabians. The Fabians had proved what could be done under the guise of an “educational institution.”

Browder has subsequently become an open advocate on Keynesism for the United States.

The Keynesians and the Communists remain blood-brothers to the end.

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1 Norman Thomas, *A Socialist's Faith*, p. 117.

2 *Failure of the “New Economics,”* p. 2. “Prof. Alvin H. Hansen of Harvard usually regarded as Keynes leading American disciple . . .”

3 The Fabian employment of Harvard as a spawning ground has been outlined previously. Communist manifestations (growing out of Fabian socialism) are clearly indicated by the establishment of the communist magazine *Science & Society*—“*A Marxian Quarterly*,” at Cambridge, Massachusetts, at the doorstep of Harvard University. W.T. Parry, managing editor, was a Harvard graduate, 1928-32. Other Harvard graduates (some taught there) associated as Editors were: Edwin Berry Burgum, H’17, Ralph J. Bunche, H’30, Francis Birch, H’32, Paul M. Sweezy, H’32, Louis Harap, H’32. The Communist Party officially announced that *Science & Society* was designed to “bring Communist thought into academic circles.” Reference: *The Communist*, published by the Communist Party, U.S.A., Dec. 1937, p. 1148.

4 Some examples of infiltration of government bureaus by left-wingers bearing the Keynesian label are (from *Who's Who in America*):

Alvin H. Hansen, director of research and secretary Commission of Inquiry on National Policy in International Economic Relations, 1933-34; economist, State Department, Washington, D.C., 1933-35; advisory council on Social Security, 1937-38; chairman economic advisory council, National Industrial Conference Board 1941-43; chairman U.S.-Canada joint economic commission, 1941-43; special adviser Federal Reserve Board, 1940-45.

Seymour E. Harris, member of the board, Economic Warfare Policy Commission, 1942; commission on post war commercial policy, Secretary of State, 1943; economic adviser to War Production Board, 1944-45; member advisory board C.C.C., 1949-53; member Agricultural Mobilization Policy Board 1951-53; director of the office of export-import price control, O.P.A., 1942-43; adviser to N.R.S.B., 1946-7; consultant to the President’s Council of Economic Advisers, 1950-51.

Stuart Chase, Federal Trade Commission, 1917-22, consultant National Resources Committee, 1934; Resettlement Administration, 1935; Securities and Exchange Commission 1939; T.V.A., 1940-41; U.N.E.S.C.O. 1949.

5 Stuart Chase, *Proper Study of Mankind*, Harper, 1948, p. 205.

6 *Ideas of the Great Economists*, p. 179.

\* Sumner Slichter, *Modern Economic Society*, Henry Holt and Co., N.Y. 1930, *passim*.

Sumner Slichter, “Public Policies and Postwar Employment” in *Financing American Prosperity*, Twentieth Century Fund, N. Y. 1945 pp. 266-336.

7 *Saving American Capitalism*, Edited by S.E. Harris, Alfred Knopf, N.Y., 1948, pp. 69-70.

† *Ibid.*, p. 68.

‡ *Ibid.*, p. 369.

8 John Kenneth Galbraith, *Economics in the Art of Controversy*, Rutgers, Brunswick, N.J., 1955, pp.

- 9 *Washington Report*, issued by Congressman Bruce Aler, April 16, 1960.
- 10 Stuart Chase, *A New Deal*, Macmillan, N.Y., 1932. p.33.
- 11 *Ibid.*, p.56.
- 12 *Ibid.*, p. 163.
- 13 Stuart Chase *Economy of Abundance*, Macmillan, 1934, N.Y., *passim*.
- 14 *Ibid.*, p. 310.
- 15 *Ibid.*, pp. 256-260.
- 16 *Ibid.*, pp. 319-322.
- 17 These references can be found in the *Book Review Digest*.
- 18 Reference—*Book-of-the-Month Club News*.
- 19 *Life of John Maynard Keynes*, p. 537.
- 20 *Web of Subversion*, James Burnham, pp. 36-39, 80, 150-158.
- 21 *Life of John Maynard Keynes*, p. 557.
- 22 *Ibid.*, p. 507.
- 23 *Ibid.*, pp. 537-540.
- 24 *Web of Subversion*.
- 25 *Life of John Maynard Keynes*, pp. 555-556.
- 26 *Ibid.*, p. 558.
- 27 (Bretton Woods, New Hampshire).
- 28 *Life of John Maynard Keynes*, p. 629.
- 29 *Ibid.*, p. 582. From Keynes letter to Sir John Anderson, July 21, 1944.
- 30 *Ibid.*, p. 569.
- 31 *Ibid.*, p. 637.
- 32 *Web of Subversion*, pp. 150, 153.
- 33 *Saving American Capitalism*, edited by S.E. Harris, September 1948, p. 19.
- 34 Wm. Z. Foster, *History of The Communist Party of the United States*, International Publishers, N.Y. 1952, p. 424.
- 35 *Ibid.*, p. 425.

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## [Chapter VII – FASCISM—KEYNESISM—SOCIALISM](#)



# KEYNES AT HARVARD

## *Economic Deception as a Political Credo*

BY

Z Y G M U N D D O B B S

*A Veritas Study*

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## VII

### FASCISM—KEYNESISM—SOCIALISM

An amazing development of Keynesian theories is the fact that fascist governments found it easy to borrow them. This fact has been publicly acknowledged by Fascist forces.

Mussolini personally set his approval and signature over a book which proclaims:

Fascism entirely agrees with Mr. Maynard Keynes, despite the latter's prominent position as a Liberal. In fact, Mr. Keynes' excellent little book, *The End of Laissez-Faire* (1926) might, so far as it goes, serve as a useful introduction to fascist economics. There is scarcely anything to object to in it and there is much to applaud.<sup>(1)</sup>

Keynes' book, *End of Laissez-Faire*, was his most pronounced and clearcut advocacy of socialism. This Keynes work was not only enthusiastically embraced by Fascism but was listed as required reading by the League for Industrial Democracy and the Rand School of Social Science in the United States (both Fabian socialist). Harvard economic and sociological courses have repeatedly used the *End of Laissez-Faire* as required reading for undergraduates.

The above quoted fascist protagonist further writes that in so far as Keynes' teachings are concerned:

All this is pure fascist premises and I cordially recommend Mr. Keynes to proceed to Italy and there to study Fascism with an open mind and with the same scrupulous care as he has studied Bolshevism. An essay from his pen on Fascism would doubtless prove a most valuable piece on constructive criticism.<sup>(2)</sup>

Harvard's socialist theoretician Schumpeter in writing of fascist economists under Mussolini, said:

It is important to emphasize that even in treatises that took a professedly sympathetic attitude to the *citta corporativa* (corporative state –ed). the analytic parts did not differ from generally accepted economic doctrine and could have been written just as well by enemies of Fascism.<sup>(3)</sup>

The same collectivist formula fits both fascism and socialism. In his brilliant work, *The Road Ahead*, John T. Flynn states:

. . . the line between fascism and Fabian socialism is very thin. Fabian socialism is the dream. Fascism is Fabian socialism plus the inevitable dictator.(4)

To the unsophisticated socialist follower the statement by a fascist that Keynesism “is pure Fascist premises” must come as a shock. However, history proves this to be true.(5) Keynes’ socialist ideas have been studied and adopted in turn by Soviet Russia, Fascist Italy, Peron’s Argentina, Nehru’s India, Tito’s Yugoslavia and the State of Israel.

In Fascist Italy not only Keynes, but the whole host of Fabian economists were studied and translated by Italian publishers. The analyses of American Keynesism by Seymour E. Harris (Harvard) were widely copied and so were the theories of Professor J.A. Schumpeter (Harvard). The latter represented the ideas of Austrian and German socialism (neo-Marxist).(6)

Fascist economic journals are replete with Fabian socialist sources of reference, including such names as G.D.H. Cole, Graham Wallas, Sidney and Beatrice Webb and Bernard Shaw.

The Keynesian formula fits all totalitarianisms. Juan Peron’s dictatorship in Argentina used the Keynesian technique as authority in economic and political matters. The Keynesian formulas evolved by such Harvard professors as Harris and Hansen received wide circulation there. Keynesian socialists—particularly Seymour Harris—published elaborate schemes for South America in order to lead our Latin American neighbors into the Keynesian path.(7)

Another factor in the foggy area between fascism and socialism is India. Jawaharlal Nehru has been an admirer of Keynesian ideas since 1912. His friend and biographer Frank Moraes writes:

Nehru traces the beginning of his interest in socialism to his Cambridge days when the Fabianism of Shaw and the Webbs attracted him, but he confesses that his interest was academic. He was also drawn by the intellectual liveliness of Bertrand Russell and John Maynard Keynes, many of whose lectures he attended although his own university curriculum was scientific, not economic.(8)

Like Keynes, Nehru was a militant atheist. For years Nehru openly embraced the Leninist philosophy and had been a leading figure in heading up important activities set up by the Communist International. Nehru’s present policies are a curious mixture of Keynesist, Communist and Fascist practices.(9) His economic forms and techniques are primarily Keynesian (i.e. chipping away and disrupting private enterprise development and pushing socialistic forms into the breach).

Within the left-wing underworld there is a struggle as to whether Marx or Keynes are to be the main symbols of the process to socialize the world. The Kremlin issues directives to all of its parties to oppose the socialist efforts to install Keynes in place of Marx.

One of the main communist charges is that “The Nazi fascists were especially enthusiastic supporters of Keynes.”(10)

This proves not to be a mere Communist exaggeration. The Nazis did admire the Keynesian theme whereby the government has authority over the whole economic life of the nation. Harvard’s Schumpeter wrote that in Nazi Germany “A work like Keynes’ *General Theory* could have appeared unmolested—and did.” Nazi thinking paralleled Keynesism to such an extent that during 1935 in Nazi Germany Professor Carl Fohl wrote a work which duplicated Keynes’ theories.(11) The parallels between Fohl’s work and that of Keynes’ *General Theory* startled socialist thinkers especially as Keynes’ *General Theory* was not yet published at the time that Fohl completed his work. Schumpeter’s insistence that Nazism did not molest economic theories because it was

primarily a political movement is erroneous on its face since Keynesism is a socialist political creed which uses economic forms mainly to justify political views.(12)

Norman Thomas, leading spokesman for avowed socialists, as contrasted with secret socialists like Keynes, states:

. . . both the communists and fascists revolutions definitely abolished *laissez-faire* capitalism in favor of one or another kind and degree of state capitalism. . . . In varying degree, these basic enterprises were collectivized under the undemocratic control of an elite, which had at its disposal all the powers of a police state.(13)

Norman Thomas correctly puts Nazism in the anti-private enterprise camp:

The social and economic consequences of fascist triumph under the German form were revolutionary, unless one insists on reserving the word *revolutionary* for a triumph of the working class. In no way was Hitler the tool of big business. He was its lenient master. So was Mussolini except that he was weaker.(14)

Norman Thomas' admission that Communists and Fascists have a common result to "abolish Laissez-Faire"—is precisely what Keynes had in mind. Thomas, of course, fails to include socialists in the above category since it would be a reflection upon himself and his comrades. Nevertheless the family resemblance is there. Keynes is the umbrella under which the Big Government advocates find shelter, be they Nazi, Fascist, Communist, Socialist or combinations of all four. Norman Thomas himself admits:

. . . on governments Keynes has had great influence and his work is especially important in any reappraisal of socialist theory. He represents a decisive break with *laissez-faire* capitalism.(15)

On Keynes' own home ground, England, the evolution of the principle of Keynesism as a weapon for either socialism or fascism was exemplified by Sir Oswald Mosley, current Fascist leader. Mosley was a leader of the Fabian Society at a time (1930) when Keynes' ideas were already the officially accepted Fabian line. Having left the Labour Party and the Fabian movement, Mosley organized the British Union of Fascists which at first was modelled after Mussolini's example but later became patterned after Hitler.

Through all these tergiversations, Mosley never had to abandon his Keynesist principles. Sister McCarran refers to the "Fabian collaboration with Liberals, Tories, Fascists and Communists." Bernard Shaw is quoted as saying "All Fabians have their price, which is always the adoption of Fabian measures no matter by what Party."(16) Since Keynesism is the economic platform of Fabianism and it is also adaptable to Fascism it is obvious that a hairline separates the two collectivismisms.

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1 James Strachey Barnes, *Universal Aspects of Fascism*, Williams and Norgate, London, 1929, pp. 113-114. (This book bears the imprimatur of Benito Mussolini.)

2 *Ibid.*, p. 115.

3 *History of Economic Analysis*, J.A. Schumpeter, p. 1156.

4 *The Road Ahead*, John T. Flynn, 1950, p. 149.

5 *Universal Aspects of Fascism*, pp. 113-115.

6 *Il Piano Roosevelt*, S.E. Harris and J.A. Schumpeter, Torina, 1935.

7 *Saving American Capitalism*, Ed. by S.E. Harris, 1948.

Here the Keynesian S.E. Harris covers the entire political spectrum of communism, socialism and facism when he writes :

All over the world planning is on the march—in Russia and the Argentine with their new Five-Year Plans, Poland and France with their Four-Year Plans, Czechoslovakia with her Two-Year Plan, Great Britain with her Four-Year Plan still in the gestation phase, and even the United States with its Economic Budget. (p. 154.)

8 Frank Moraes, *Jawaharlal Nehru*, Macmillan, 1956, p. 42.

**9** *Ibid.*, pp. 12, 113.

**10** Wm. Z. Foster, *Outline Political History of the Americas*, International Publishers, 1951, p. 597.

**11** *History of Economic Analysis*, p. 1156.

**12** Herman Rauschnig in *Time of Delirium*, writes: “Within the framework of a hierarchic social system, such as that of German National Socialism, it was a matter of course that both the economy and science were subordinated to the new social authority.” p. 143.

**13** *A Socialist's Faith*, Norman Thomas, p. 55.

**14** *A Socialist's Faith*, p. 53.

**15** *Ibid.*, p. 117.

**16** *Fabianism in the Political Life of Britain*, p. 345

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## Chapter VIII – SOCIALISM — A PSEUDO SCIENCE

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## VIII

### SOCIALISM—A PSEUDO SCIENCE

Modern experience has destroyed the socialist claim of being “scientific.”<sup>(1)</sup> The functioning of socialist governments in England, Australia, India and other parts of the world has greatly disillusioned not only the general population but many socialists themselves. Certain basic unalterable characteristics in human nature obviously continue operating and clash with the preconceived plans of socialist planners. Socialists found that they must either use coercion and intimidation to bend human nature, or abandon their so-called “scientific” pretensions.

The communists solve their claims to “scientific socialism” by imposing a naked tyranny. In the Soviet socialist form masses of human beings are considered expendables in a continuing process of repression. The label of “science” is hereby imposed by decree but ignored in actual practice.

Among themselves, leading socialists tacitly admit that their premises are merely a desire for power and do not constitute a science. Outstanding leftist theoreticians are now beginning to admit that the propaganda of Marx, Keynes, the Webbs, Lenin and Stalin had little or no scientific validity.

The depredations of Soviet communists and the various collective excesses of Fascism and Nazism have discredited the scientific pretensions of the socialist creed.

John Strachey, the leading theoretician of the British Fabian movement, recently recorded the disillusionment of socialists with their old claims of being “scientific.” For many years Strachey’s books taught socialists, communists and other assorted extremists that socialism is firmly grounded on scientific facts and is itself a logical scientific development. His book *The Coming Struggle for Power* (1933) based itself on a so-called scientific approach.<sup>(2)</sup>

*The Coming Struggle* went through ten editions and was used as a basic text book by Fabian socialists and communists throughout the world, including the United States. It was also required reading in the Communist Party National Training School in New York City. Strachey was quoted by the whole radical movement as an expert who proved the scientific nature of socialism and communism. Students studying economics, socialism and history in universities were told to study the *Coming Struggle for Power* as an authoritative text.

However, after forty years of scientific pretensions, in his recent book *Contemporary Capitalism*, Strachey admits that his book “has little in common, that is to say, with the view that economics can be a precise science.”<sup>(3)</sup> He further confesses:

The first thing that the infant sciences of psychology and anthropology are beginning to teach us is that we know practically nothing about human nature, except, indeed, that it is incomparably more various, more complex and therefore, it seems probable, more capable of development (both for good and ill) than had been supposed.

Moreover, we shall, surely, agree that our twentieth century experience indicates that the early socialist thinkers, from the most idealist to the most materialist, from Moore to Marx, all paid too little attention to this subjective, moral, active side of the matter. The indications are that they were wrong in so far as they implied that given the establishment of the right material and social environment, the necessary subjective developments would more or less automatically take place. The real interaction of the objective and subjective factors are so close and so reciprocal as to form an indissoluble complex, which, however much we have to take it to pieces for description and analysis, must in practice be tackled all together and as a whole.<sup>(4)</sup>

The left wing claim that the “economic aspect of society is the unique determinant of all the rest” has been the bed-rock of all the major socialist and communist movements of modern times. They claimed a “scientific determinant,” which made socialism progressive and inevitable. Today John Strachey, the high priest of international socialism, admits:

The fact that the study begins at the economic end of the social complex may be thought to imply a particular view of the nature, workings and inter-connections of human society. And so it does. It implies, that is to say, a conviction that the economic, political and all other aspects of society are inter-connected: that they interact in a way which it is just beginning to be possible to understand. But it does not imply that the economic aspect of society is the unique determinant of all the rest. On this famous issue, it implies no more and no less than this: that the way in which men get their livings—the techniques, in the broadest sense of that term, by which at any given time and place they produce the wherewithal of life—profoundly affects, and is profoundly affected by the economic, social and political relationships in which they find themselves involved. For, whether they know it or not, they have entered into those relationships (which in the last resort are relationships of power: of the power of one man, or one group, over another) largely at least, in order to operate the techniques available to them.

It is my undiminished conviction that this fact of comprehensible inter-connection and interaction between the different aspects of society is the still but dimly apprehended clue to the social labyrinth. (The issue will be discussed in a later volume of this study.) But it may be largely a question of personal habit of mind whether or not the explorer enters that labyrinth by the path of economic analysis, for he will soon find that political, sociological, ideological, moral, religious and all other factors may be as much “causes” of the development which he studies as are the economic.<sup>(5)</sup>

As a spokesman for the world socialist movement, Strachey admits that the basic socialist foundation stone, i.e., “the economic aspect of society is the unique

determinant of all the rest” is abandoned.

Since the very foundation of socialism has been cast out it would naturally follow that the whole ideological super-structure of socialism should be abandoned. Intellectual honesty would require such a step.

However, the left-wing bosses have had too much of a taste of bureaucratic power. They have learned that in a free society an organized group, no matter how false its premises, can wield tremendous power and can live parasitically on the fruits of society.

Mr. Strachey, speaking for Fabian socialism in both Britain and America, shifts abruptly from scientific to religious terms:

Thus, until we know far more about our own natures than we do now, service to the cause of democratic socialism requires, as does the service of every other great cause, an act of faith.(6)

Strachey’s call for “an act of faith” is of tremendous importance in understanding the psychology of the left-wing mind. For generations the fundamental bedrock of all socialist-communist movements has been the argument that they are “scientific” and possess a science of economics, of history and of politics. Now a spokesman who has been a savant of both communist and socialist camps is forced to admit that left-wing science is no science at all and that socialism requires “faith” as its support. This faith is not a faith in a universal God, nor is it even faith in humanity. It is a plea for “faith” in some mysterious disembodied symbol called “Socialism.”

The American Fabians Stuart Chase, George Soule, and others, have picked up this cry for an “act of faith” in socialism.(7) There is little left of the scientific claims that have lured thousands of young and old into the socialist movement.

Death furnished the world with an unexpected windfall towards the understanding of the inner motives of the left-wing leadership. When Joseph Alois Schumpeter died (January 8th, 1950) he left behind a great mass of manuscripts and personal notes which were amassed by him as material for his forthcoming work the *History of Economic Analysis*.

For over twenty years Schumpeter, an old neo-Marxist socialist, served as Professor of economics at Harvard (1927-1928 and 1931-1950). During this entire period Schumpeter entered into intimate collaboration with the Keynesian socialist group (Hansen, Harris, Galbraith, etc.), and the pro-communist camp (Paul M. Sweezy and others). This close collaboration with the left-wing continued until his death. A Harvard University memorial published as *Schumpeter: Social Scientist* includes in its pages representatives of all the major left-wing factions.

Schumpeter envisaged a book of three or four hundred pages. Later he thought that it might have to be increased to “six or seven hundred pages.”(8) However, he died without a finished manuscript. His widow, Elizabeth Boody Schumpeter, inherited the task of arranging this material in finished form. As a result the personal observations of Professor Schumpeter were included without inhibition or personal editing. Had he lived, it is obvious that many of his personal asides would not have appeared in print.

With ordinary type-spacing the finished work would exceed 2,000 pages. By condensing much of the material into fine print the *History of Economic Analysis* was issued in 1200 pages. Obviously about half of the material would have been edited out had Schumpeter lived. These extra *guide posts* of Schumpeter’s serve to unmask the cold blooded nature of the socialist movement.

Schumpeter, contrary to those who try to picture him otherwise, had been a veteran of the international socialist movement since 1905. As mentioned previously he was the Minister of Finance for the socialist government of Austria in 1919. Efforts to explain this away on the basis that the socialists appointed him to this post as a non-socialist are ridiculous on the face of it. There were hundreds of socialist economists in Austria and Germany at that time. Economics is one field where socialists and communists concentrate their heavy theoretical guns. A Minister of finance in a socialist government must be a believer in socialist aims, otherwise, the entire political effort would be futile. The fact is that Schumpeter was a socialist and wrote about the internal affairs of the Austrian socialist movement from the point of view of a socialist concerned for his party. The year previous to succeeding to the financial ministry in Austria, Schumpeter was a member of the Socialization Commission in Berlin. In 1919 he wrote: "The hour of socialism will come, but it has not yet arrived. The war has postponed its arrival."<sup>(9)</sup> In later years Schumpeter taught at the London School of Economics, which was founded by Fabian socialists and generally reflected the Fabian view. He had a relationship of many years with Alfred Marshall (Fabian socialist economist), having first met Marshall in England in 1906. Schumpeter wrote consistently as a neo-Marxist socialist for 45 years. We believe this sketch suffices to prove Schumpeter's socialism.<sup>(10)</sup>

In the *History* Schumpeter observed: "Remember: occasionally, it may be an interesting question to ask *why* a man says he says."<sup>(11)</sup> In another note he characterizes his fellow radicals:

In this and many analogous cases, of which modern economic theory is another deplorable example, economists indulged their strong propensity to dabble in politics, to peddle political recipes, to offer themselves as philosophers of economic life, and in doing so neglected the duty of stating explicitly the value judgments that they introduced into their reasoning.<sup>(12)</sup>

Shortly before his death Schumpeter concluded that the basic leftist ideologies are based not on *science* but on a *vision*. Schumpeter's use of the word "vision" seems inadequate and the modern psychological term "fixation" might be more suitable. It must be remembered that German was his native language. However, we will stick to Schumpeter's use of the term "vision."

In dissecting Keynes' super-structure Schumpeter swung directly to the core of the matter by observing:

The process stands out in this case with such unsurpassable clearness because we can read a formulation of the vision, as yet analytically unarmed, in a few brilliant pages of Keynes's *The Economic Consequences of the Peace* (1919). So far as this line of endeavor of a man of many interests was concerned, the whole period between 1919 and 1936 was then spent in attempts, first unsuccessful, then increasingly successful, at implementing the particular vision of the economic process of our time that was fixed in Keynes's mind by 1919 at latest.<sup>(13)</sup>

What Schumpeter did not point out was the fact that Keynes' "vision" was handed to him already manufactured by the Fabian socialists. Keynes' "vision" was born in the Fabian Society in 1883, the year of his own birth.

A realization by a top spokesman of socialist economics that theoretical super-structures of the left-wing are merely defenses to justify preconceived political convictions strikes a blow at the very foundation of the socialist movement.

In an untyped note he wrote that one who possesses such "ideological bias" will

tamper “with the effects of logic” and “may be so fundamentally convinced of the truths of what he is standing for that he would rather die than give new weight to contradicting facts or pieces of analysis. The first thing a man will do for his ideas is lie.”<sup>(14)</sup>

Obviously these handwritten “shock pieces” served as signposts for Schumpeter’s own private direction. A sophisticated socialist apparently is not deluded by his own propaganda.

Schumpeter’s observation that the original bias or “vision,” as he states it, is the only fundamental aspect of these grandiose theories and that the whole super-structure and all the proofs are merely reinforcers of the original idea is a devastating indictment of the principles of socialism. It is no wonder that after the publication of the *History of Economic Analysis* radical theoreticians began to scurry around to patch up the big rent in the socialist fabric and finally came up with the make-shift term of “socialism as a faith.”

Schumpeter, as one of the world’s outstanding Marxists, was also of the opinion that Marxism was based on a “vision” of Karl Marx.

British socialist John Strachey echoes Schumpeter’s concept of Marx’s “vision”:

Marx came to economics via philosophy and the theory of history. His economics were, above all, the application of general sociological thinking to the particular environment, namely, early capitalism, which he saw around him. The three volumes of *Capital* are in a sense no more than a huge “particular case” of the much more generalised view of the world which he had put forward, very briefly, as a younger man in *The Communist Manifesto*, the preface to *The Critique of Political Economy*, and which he continued to exemplify in his historical pamphlets. This was Marx’s “vision” of the nature of human society in Schumpeter’s sense of that term. *Capital* was the attempt to “arm” that vision with analytic proofs, in the same sense that Keynes’ vision is contained in *The Economic Consequences of the Peace*, and his attempt to arm it with analytic proof is contained in *The Treatise on Money* and *The General Theory*.<sup>(15)</sup>

Socialists, of course, would have us believe that Marx’s “vision” started with the *Communist Manifesto* in 1847-48. This is an obvious falsehood. Marx had arrived at his class theory long before.

In 1844 Marx wrote an essay “On the Jewish Question” in the *Deutsch-Französische Jahrbucher*. This preceded the *Communist Manifesto* by 38 months. Lenin wrote that in this essay, Marx’s “transition”—“to communism”—“was definitely consummated.” Lenin recognized the essay “On the Jewish Question” as the basis of Marx’s “vision.”

Marx’s central theme was that society had become Judaized. He wrote:

The Jew had emancipated himself in Jewish fashion, not only by taking to himself financial power, but by virtue of the fact that with and without his cooperation, money has become a world power, and the practical Jewish spirit has become the practical spirit of Christian nations. The Jews have emancipated themselves in so far as Christians have become Jews.

The essence of Marx’s “vision” was that capitalism is a Jewish excrescence which was adopted by Jew and gentile alike. After charging that the financial power of Jews makes politics “its bond slave” Marx declares:

Judaism has persisted alongside of Christianity not only as a religious criticism of Christianity, not only as the embodiment of doubt in the religious parentage of

Christianity, but equally because Judaism has maintained itself, and even received its supreme development, in Christian society. The Jew who exists as a peculiar member of bourgeois society, is only the particular expression of the Judaism of bourgeois society.

Judaism has survived not in spite of, but by virtue of history.

Out of its own entrails, bourgeois society continually creates Jews.(16)

The capitalist system and the class struggle is described as a Judaized process which has infected all of society:

Judaism reaches its acme with the completion of bourgeois society, but bourgeois society first completes itself in the Christian world. Only under the reign of Christianity, which turns all national, natural, moral and theoretical relations into relations external to man, can bourgeois society separate itself entirely from the political life, dis sever all the generic ties of the individual, set egoism in the place of these generic ties, and dissolve the human world into a world of atomized, mutually hostile individuals.

Christianity sprang out of Judaism. It has again withdrawn into Judaism.

The Christian from the outset was the theorizing Jew; the Jew is therefore the practical Christian, and the practical Christian has again become a Jew.(17)

Marx expressed his “vision” of emancipation from capitalism (i.e. the bourgeoisie) as an emancipation from “real Judaism,” and defined Jews as follows:

Let us consider the real worldly Jew, not the Sabbath Jews, as Bauer does, but the every-day Jew.

What is the secular basis of Judaism? Huckstering. What is his secular God? Money.

Very well. Emancipation from huckstering and from money, and therefore from practical, real Judaism would be the self-emancipation of our epoch. . . .

We therefore perceive in Judaism a general pervading antisocial element, which has been carried to its highest point by the historical development, in which Jews in this bad relation have zealously cooperated, a point at which it must necessarily dissolve itself.

The emancipation of the Jews in its last significance is the emancipation of mankind from Judaism.(18)

Marx concluded his essay by telling the modern Jew he can find the solution to his problem by entering the struggle in which “the Jew will become impossible”:

Because the real essence of the Jew has been generally realized and secularized in bourgeois society, the latter could not convince the Jew of the unreality of his religious essence, which is merely the ideal reflexion of his practical needs. . . .

As soon as society succeeds in abolishing the empirical essence of Judaism, the huckster, and the conditions which produce him, the Jew will become impossible, because his consciousness will no longer have a corresponding object, because the subjective basis of Judaism, viz: practical needs, will have been humanized, because the conflict of the individual sensual existence with the generic existence of the individual will have been abolished.(19)

German socialists, including Bebel and Bernstein, for years censored and concealed Marx’s anti-Jewish vituperations in order to make him more palatable to Jewish converts.(20)

Being the first to raise an outcry against censorship or “book burning” when their political interests are involved, the socialist leaders have practiced a quiet censorship not only on the works of Karl Marx, but also on those of other Socialist pioneers like Frederich Engels, Charles Fourier, Pierre Proudhon and Ferdinand Lasalle, wherever anti-Jewish references were made.(21)

Schumpeter, Soule and Chase must have known of the anti-semitic source of the socialist doctrine. This is the “vision” from which the anti-business and anti-private enterprise theories were born. Hitler and Goebbels not only borrowed the red flag, the upraised hand and the anti-capitalist dogma from socialism but also plagiarized socialist anti-semitic utterances.

It is curious that “liberal” scholars who have dominated seats of learning, such as Harvard, and always profess a search for truth, have failed to inform the world of these anti-semitic foundations of the socialist-communist theories.

British Fabians are not exempt. Beatrice Webb (nee Potter) in 1887, according to Silberner, took the following position:

. . . the love of *profit* as distinct from other forms of money earning is the “strongest impelling motive of the Jewish race.” Jewish workers, noted Miss Potter, have “neither the desire nor the capacity of labour or trade combinations.” They are deficient in “social morality.” It is by competition only that the Jews seek success, and in the process of competition they do not recognize any moral rules. Their competition, she concluded, is unchecked by the social feeling of class loyalty and trade integrity.(22)

We have noted previously that Keynes reflected the same Fabian socialist bias with a reference to “beastliness” in the “Jewish nature.”(23)

The policy of sweeping such information under the rug is both socially dangerous and scholastically unfair. Too long have the Marxian socialists, communists and Fabians been allowed to pose as fighters against bias and discrimination. Marxian disparagement of Negroes, branding them as inferiors, is alone a topic for a lengthy study.(24)

Deception on an almost incredible scale has created a “folklore” of socialist personalities, in which communistic zealots are painted as impartial experts and independent researchers, or at worst “mild harmless socialists.” Not only Harvard but most other universities today use the late Thorstein Veblen’s *The Theory of the Leisure Class* and *The Theory of Business Enterprise* as a basic economic text. Veblen was an active Fabian socialist in the League for Industrial Democracy and the New School for Social Research. In spite of this record he is touted in academic circles as an independent researcher.

An article by Lewis Corey, an old Soviet agent, however, let the cat out of the bag when he wrote:

Veblen sympathized with Bolshevism, which he characterized as “a menace to the vested interests, and to nothing and no one else,” foresaw a revolutionary movement of “the underlying population under something like the Red Flag,” and insisted that it is necessary to “disallow” and “cancel”—i.e. expropriate—all the rights of capitalist ownership. According to Dorfman, Veblen was bitterly disappointed by the ebb in the world revolutionary tide after 1920; six months before his death in 1929 the old rebel said:

“Just now communism offers the best course that I can see.”(25)

Another example of “sugar coating” is the characterization of the late Morris Hillquit. The Harvard economics department has often used his writings as an example of “mild harmless” socialism. A few excerpts from his testimony before a New York State Committee establish the extent of his “mildness”:

The basis of our sympathy with Soviet Russia is, in the first place, that we recognize Soviet Russia as a government of the working classes of Russia—of the underdog, if you want it.

. . . let us build a new international on the basis of the Third, Moscow, International.

The American Socialist Party has declared itself to be a part of this movement to reconstitute a Third International on the basis of a Moscow International.<sup>(26)</sup>

Hillquit, Veblen, Stuart Chase, George Soule were all Fabians in the League for Industrial Democracy. The campaign to foist them on the public as *independent liberals* is part of the grand strategy to peddle socialist propaganda without the use of the word “socialist.”

In previous chapters it has been noted how Keynes had been described by socialists as a capitalist economist dedicated to saving capitalism, when in fact he was a Fabian socialist dedicated to eliminating free enterprise. Sister McCarran in her book *Fabianism in Britain* writes that Mr. J.L. Jolley, Home Research Secretary of the Fabian Society, “stated that J.M. Keynes was a Fabian.” And that Mr. Jolley “gave information regarding contacts of visiting Fabians in the United States, listing ADA, CIO-PAC, the *Nation*, the *New Republic*, Socialist Party Headquarters and the League for Industrial Democracy.”<sup>(27)</sup>

Deception, subterfuge and calculated trickery are standard practices of the so-called “nice” and “respectable” socialist movements. Contrary to common belief the use of deceptive front organizations to mask radical activity is not a communist invention. Fabian socialists, and before them Marxian socialists, used the technique of setting up innocent sounding fronts in order to cloak subversive aims.

It is often forgotten that the Bolshevik movement sprang out of the Marxian Social Democracy of the Second International. The very term Bolshevik was created in order to designate one faction of the Russian Social Democratic Party. The Bolsheviks have been, and are considered today, comrades of the socialists. They belong to the same general movement aiming to eliminate private enterprise. They all agree on a socialist society under the domination of a strong central government.

Differences between Communists and Socialists, as part of the left-wing underworld, can be compared to the difference between the old Al Capone gang of Chicago and some gang of slick confidence men. In the criminal designation they all belong to the underworld and adhere to a common code in opposition to the authorities. However, this does not mean that criminals refrain from looting one another. Gangsters, like the communists, have an advantage over the underworld elements due to superior organization and physical striking power.

The socialists use all the skill accumulated throughout the year as the political confidence men of the political underworld, always protesting that they are opposed to communist roughneck tactics. Still, whenever communists are attacked or threatened by elements not belonging to the left-wing, a cry of “witch-hunt” by the entire Socialist-Communist underworld demonstrates the basic left-wing unity. A Stuart Chase can embrace a James R. Oppenheimer and declare that: “He is a great physicist. His words constitute a kind of theme song for this study of ours.” The study in question was the

book the *Proper Study of Mankind* by Chase.(28) After Oppenheimer was exposed as a self-admitted liar and as a collaborator with Soviet espionage agents, this same Fabian-Keynesian-Socialist clique began to build him up into a national hero. Instead of being ruined and disgraced by his activities Oppenheimer was instead invited to lecture at Harvard on the subject of “ethics.”

The concept that human life is cheap and “socially expendable” is common to socialists and communists alike. A Stuart Chase can say that socialism can be enforced “by firing squad if necessary.”(29) Bernard Shaw, as a leader of the Fabian society, tells us that if individually we would not conform to socialism “you might possibly be executed in a kindly manner.”(30) And Fabian, J. M. Keynes, illustrates an economic point by advocating the “euthanasia (merciful death –ed.) of the *rentier*.” Socialists quickly explain that Keynes did not mean physical extermination but only economic eradication of the *rentier* as a function. However, his use of such a term reflects a morbid political attitude.(31)

The mass murders in the Soviet Union, which even Khrushchev branded as atrocities, were condoned and supported by thousands of “respectable” Fabian Keynesians in England and the United States, while they were being perpetrated.

The world forgets that Andrei Vishinsky, the vicious prosecutor in the Soviet mass “blood purges,” was not a Bolshevik at the time of the Russian Revolution but was a “mild” and “harmless” right wing socialist.

Both the communist and socialist camps have utter contempt for political ineptness and lack of cohesion among business leaders. Harvard’s Schumpeter scornfully referred to the *bourgeoisie* being swayed by Russia as a big customer and that: “This is the way the bourgeois mind works—always will work even in sight of the hangman’s rope.”(32) Harvard Professor Seymour Harris sarcastically tells us that the businessman has a “panicky attitude towards our national debt” and is incapable of understanding these matters “by training or temperament,” and in this respect “he is in that sense ill and needs treatment.”(33) Of course Mr. Harris’ fellow Keynesian, Stuart Chase, had a prescription for such illness. It is called “a firing squad.” Adolph Hitler in *Mein Kampf* also spoke about the bourgeoisie “suffering from mental senility” and refers to “the lazy and cowardly bourgeois world.”(34) Hitler and the Keynesian socialists had much in common. It is no wonder that Schumpeter drew a parallel between economic theory under the Nazis and the *General Theory of Keynes*.(35)

Harvard Professor John Kenneth Galbraith in his *Economics and the Art of Controversy* ascribes to the National Association of Manufacturers (N.A.M.) all the evils of our society. He dredged out N.A.M. utterances from as far back as 1903, to adorn present day issues. Galbraith is being groomed as the new crown prince of Keynesism. This role was enhanced in 1958 by the claim of being the first Western economist to lecture behind the Iron Curtain “since the Russian revolution.” Galbraith spoke throughout Red Poland under official auspices. He was shepherded by his friend Oskar Lange, a former Red agent in America. In Galbraith’s book *Journey to Poland and Yugoslavia*, American readers are regaled with similarities between American democracy and Communism.(36) Tyranny and repressions are cleverly minimized. Galbraith’s advice to Communist economists on how to “run a country like Poland within a broadly socialist framework” echoes Lenin’s strategy of the NEP in the early 1920’s. His lectures in Poland were cleared for publication by the communist rulers. The Kremlin apparently was impressed.(37) A year later Galbraith contributed an article to an official Moscow publication, (see page 39n)

It is obvious that without the Socialist-Keynesian-Fabian mess to hide in, and to

recruit from, the international communist machine, outside of the iron curtain, would collapse. Socialism has always given communist forces the sanctuary and intellectual climate to keep them in operation. While it is an error to call all socialist manifestations communist, it is nonetheless true that the basic terrain for communist depredations are furnished by the interlocking Keynesian-Socialist amalgam.

Harvard has been a key source of our attention in this study not because we picked it as such but because the left-wing had chosen Harvard as a point of concentration several generations ago. Our task was to unmask those traveling under false labels and to identify publicly those who would rather remain as anonymous socialist. We have also pointed out the continuous interchange between the socialist movement and communism.

Walter Lippmann was elected a member of the Harvard Board of Overseers for the term of 1933 to 1939. During this period the Keynesians and other leftist assumed control of the Harvard Economics Department.

Throughout his entire term as overseer Lippmann was chairman of the Visiting Committee to check on the Economics Department.

This was a time of bitter complaints against the use of Harvard University for Keynesian and Marxian propaganda. It is not surprising that as reported in the *New York Times* of July 2, 1936, as Chairman of a Special Investigating Committee, Lippman completely refuted “charges of ‘propaganda’ in the teaching of economics at Harvard.” To quote Mr. Khrushchev, “This is sending the goat to guard the cabbage patch.”

This is a fitting note on which to conclude this study.

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**1** Frederich Engels, *Socialism, Utopian and Scientific* (1878) was the basic work outlining socialism as a science for both the Socialist and Communist movements. It remains a fundamental work in communist indoctrination to this very day.

**2** John Strachey, *Coming Struggle for Power*, Covici-Friede, 1933, N.Y.

**3** *Contemporary Capitalism*, p. 4.

**4** *Ibid.*, p. 364.

**5** *Ibid.*, p. 5.

Other samples of socialist admission that their economics is not a science are the following:

This book is, then, one of political economy, in the most old-fashioned sense of that term. It has little in common, that is to say, with the view that economics can be a precise science. (*Ibid.*, p. 4.)

Few people, and least of all we economists ourselves, are prone to offer us congratulations on our intellectual achievements, Moreover our performance is, and always was, not only modest but also disorganized. Methods of fact-finding and analysis that are and were considered sub-standard or wrong on principle by some of us do prevail and have prevailed widely with others. (*History of Economic Analysis*, Joseph Schumpeter, p. 6.)

“But Is Economics a Science?”

The answer to the question that heads this section depends of course on what we mean by “science.” Thus, in everyday parlance as well as in the lingo of academic life—particularly in French and English-speaking countries—the term is often used to denote mathematical physics. Evidently, this excludes all social sciences and also economics. Nor is economics as a whole a science if we make the use of methods similar to those of mathematical physics the defining characteristic (*definiens*) of science. In this case only a small part of economics is “scientific.” (*History of Economic Analysis*, p. 6.)

We are not yet out of the wood; in fact, we are not yet in it. A number of obstacles will have to be removed before we can feel sure of our ground—the most serious one carrying the label Ideology. (*History of Economic Analysis*, p. 7).

**6** *Contemporary Capitalism*, p. 365.

**7** *Ideas of the Great Economists*, George Soule. At long last Soule, as a lifelong socialist, admits:

. . . many adherents of doctrine mistake systems of logic for ultimate and universal truth. They insist that others must obey the principles which attract them. They mistake a neat design of ideas as their intellectual windows for the outdoor world. No one can reckon the human misery caused by those who cannot see beyond the curtains of their ideas. (p. 206-207.)

*Proper Study of Mankind*, Stuart Chase, p. 198-99. Another old Socialist picks up the same line and states:

I have come to the conclusion—and I may be wrong—that the quest for an economic system is a forlorn one, as forlorn as the quest for a philosophical system.

The anthropologists and sociologists have made it plain enough, at least to me, that no human being ever lived who possessed the characteristics ascribed in the textbooks to Economic Man. No society ever existed which followed the “economic determinism” formulated as a cardinal principle by Marx and Engels.

**8** *History of Economic Analysis*, p. vi.

**9** *Schumpeter, Social Scientist*, p. 33

**10** It must be remembered from previous chapters that socialists tried to cite Keynes’ material as also coming from a non-socialist expert. The standard procedure of the left-wing is to pretend their facts come from “independent sources.”

**11** *History of Economic Analysis*, p. 11.

**12** *Ibid.*, p. 19.

**13** *Ibid.*, p. 42.

**14** *Ibid.*, p. 43.

**15** *Contemporary Capitalism*, John Strachey, p. 146.

V.I. Lenin, *The Imperialist War*, International Publishers, N.Y., 1930. (Authorized by the V.I. Lenin Institute, Moscow U.S.S.R.)

Here we observe signs of Marx’s transition from idealism to materialism and from revolutionary democracy to Communism. In 1844, under the editorship of Marx and Arnold Ruge, there appeared in Paris the *Deutsch-Französische Jahrbucher*, in which this transition was definitely consummated. Among Marx’s articles published in that magazine the most noteworthy are *A Criticism of the Hegelian Philosophy of Right* (published both in the *Literarischer Nachlass* and as a special pamphlet) and *On the Jewish Question* (likewise in the *Literarischer Nachlass*; issued as a pamphlet in Russian translation). p. 47.

**16** *Selected Essays by Karl Marx*, translated by H.J. Stenning, International Publishers— —pages 89-90, 91-92.

The quotes used here are from the official communist translation issued by the International Publishers, New York, in 1926. International Publishers is an official distributor of Soviet literature in the United States.

This edition was later quietly bought up from bookshops by communist agents. It was decided to withdraw this book due to strenuous objections to its circulation by communists and fellow travellers of Jewish origin. The ostrich-like attitude of Jewish socialists and communists has been “if it isn’t printed, it doesn’t exist.”

However, this essay has been available to the Soviet public for many years. It is used extensively to justify anti-Jewish measures in the U.S.S.R.

Dagabert D. Runes has edited a volume entitled *Karl Marx—A World Without Jews* (Philosophical Library, 1959) which is a translation of the same essay plus the evidence of anti-Jewish bias by some of Marx’s socialist contemporaries.

- 17** *Ibid.*, pp. 94-95.
- 18** *Ibid.*, pp. 88-89.
- 19** *Ibid.*, pp. 96-97.
- 20** D.D. Runes, *A World Without Jews*, Philosophic Library, N.Y., 1959, p. vii.
- 21** Edmund Silberner, "The Anti-Semitic Tradition in Modern Socialism," in *Scripta Hierosolymitana*, vol. III, Hebrew University, Jerusalem, 1956, *passim*.
- 22** *Ibid.*, Silberner, pp. 386-387.
- 23** *Short View of Russia*, J.M. Keynes, p. 27.
- 24** Zygmund Dobbs, *Red Intrigue and Race Turmoil*, Alliance, Inc., 200 E. 66 Street, N.Y.C., *passim*.
- 25** Lewis Corey, "American Class Relations," *Marxist Quarterly*, vol. 1, No. 1, p. 166.
- 26** *Proceedings of the Judiciary of the Assembly, State of New York*, 1920, vol. II, pp. 1346, 1353.
- 27** *Fabianism in the Political Life of Britain*, p. 569.
- 28** *Proper Study of Mankind*, p. 12.
- 29** *A New Deal*, p. 163.
- 30** *Intelligent Woman's Guide to Socialism and Capitalism*, p. 470.
- 31** *General Theory*, Keynes, p. 367.
- 32** *Capitalism, Socialism and Democracy*, p. 402.

Professor David McCord Wright observes that Schumpeter had said that the businessman "needs a master" and has "no political sense." (*Schumpeter, Social Scientist*, p. 132.)

- 33** *National Debt and New Economics*, S.E. Harris, p. 26.
- 34** Adolph Hitler, *Mein Kampf*, pp. 292, 563.
- 35** *History of Economic Analysis*, p. 1156.
- 36** J.K. Galbraith, *Journey to Poland and Yugoslavia*, Harvard University Press, 1958. pp. v-vi, 34, 39-40, 67-68, 75.
- 37** *Ibid.* Galbraith's extensive date with a woman of the streets in Belgrade and the quoted description of his hotel there as "the largest whore house under socialist management in the world" seem somewhat out of place in a report, even if "informal" copyrighted in the name of "The President and Fellows of Harvard College." pp. 77-78, 89.

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## [Chapter IX – THE SOCIAL CONSEQUENCES OF MORAL DEPRAVITY](#)



# KEYNES AT HARVARD

## *Economic Deception as a Political Credo*

BY

Z Y G M U N D D O B B S

*A Veritas Study*

2009 Web version transcribed from the  
REVISED AND ENLARGED EDITION (1969)

## IX

### THE SOCIAL CONSEQUENCES OF MORAL DEPRAVITY

The official biography of John Maynard Keynes stated that one of “his great gifts” was, “that virtue for which austere moralists reserve the brightest crown, the virtue without which all other virtues are being said to be vain and sterile. . . .”(1)

Lord Keynes Baron of Tilton died on Easter Sunday April 21, 1946. Since his death coincided with the most hallowed of Christian holidays, church sermons throughout the English speaking world dwelt on spiritual parallels of that event. A day of national mourning was marked with Memorial Services in Westminster Abbey, England’s great religious shrine. Keynes’ parents, in their nineties, walked up the aisle, amidst the chief dignitaries of the United Kingdom joined by notables from the major nations of the world. Westminster Abbey, the scene of every coronation since 1066, is the burial place of eighteen British monarchs. There lie interred the remains of England’s renowned statesmen, the great figures in art, in science and in literature. There also are entombed the mighty military figures of English history. Within those walls is enshrined the indomitable spirit of British manly courage.

Simultaneously, at Cambridge University Sir John Sheppard, Keynes’ life-long friend, rose in King’s College Chapel and intoned the passage from *Pilgrim’s Progress*: “. . . I do not repent me of all the trouble I have been at to arrive where I am. My sword I give to him that shall succeed me in my pilgrimage, and my courage and skill to him that can get it. . . .”(2)

We were told that Keynes, “got to love many Americans with whom he had to deal with during the Second World War.”(3) As the news of his passing reached the United States throngs of Government functionaries gathered at the National Cathedral at

Washington D.C., “to do honour to a man whom they had come to love so much.”<sup>(4)</sup> Americans were told, “He had the most powerful mental machine of any man in public life, exact, lucid and supremely logical.”<sup>(5)</sup> A Harvard economist repeated the panegyric that, “He (Keynes) strode through life like a gigantic figure of the Renaissance, and he makes all present-day economists and politicians seem poor, sorry figures by comparison.” The same professor proclaimed that, “Millions to whom his name is unknown and his thought incomprehensible live nevertheless in a climate of opinion of his making.”<sup>(6)</sup>

The broad field of political and social science thinking in our high schools and colleges is imbued with the vision and teachings of John Maynard Keynes. American political leaders including former Presidents F.D. Roosevelt, Truman, Eisenhower, Kennedy and Johnson subscribed to Keynesian policies. Eleanor Roosevelt expressed great public grief at his passing and General of the Army, George C. Marshall led a bevy of military brass in heavy mourning. Wall Street financiers joined the head of J.P. Morgan and Company in final tribute to Keynes. The academic world, in America, resounded in a glorification seldom accorded to any man. In the judicial circles Supreme Court Justice Frankfurter led with a tribute that was echoed throughout the entire legal structure.

It is quite natural that Keynes should be extravagantly memorialized. The economic, political and sociological ideas associated with his name have become the dominant doctrines not only in Britain but in the United States as well. They have shaped the social fabric of Canada, Australia, New Zealand and many other nations.

Traditionally, great economic thinkers have been predominant in the areas of philosophy, morals, ethics, religion and government. Adam Smith was a professor of moral philosophy; John Stuart Mill was a social philosopher; William S. Jevons was a professor of logic and ethics, Henry George was an exponent of ethics, religion, morality and social psychology. Keynes major predecessor and sponsor Alfred Marshall was originally a lecturer in moral science. Even Karl Marx, the father of modern socialism, studied law and received his doctorate in philosophy.

Since economics embraces relationships affecting all human action it is important to realize that those who expound economic doctrines stamp upon them the imprint of their own individual attitudes and philosophy. As Keynesian teachings aim at the very fundamentals of society it is essential that its central figure embody high credentials in morals, ethics, virtue, integrity, patriotism and a sense of obligation to mankind. As one of Keynes chief disciples stated it, “If he continued to labour, that was solely for the good of his country, or of mankind.”<sup>(7)</sup>

At the outset we can discount the religious coloring given in memorializing the death of Keynes. Most offensive is the performance of Sir John Sheppard in exalting the name of Keynes by quoting passages from *Pilgrim's Progress*, one of the most inspired religious works of all time. Not only was Keynes an atheist all his adult life but he was most zealous in ridiculing and undermining religious faith. Ironically, it was the same Sheppard who joined with Keynes at Cambridge University in a campaign to eliminate religion from University life. However, there is so much hypocrisy countenanced in this area that most of today's atheists are memorialized via the religious route.

Keynes once wrote in the *Nation* (British),

When the accumulation of wealth is no longer of high social importance, there will be great changes in the code of morals. We shall be able to rid ourselves of many pseudo-moral principles which have hagridden us for two hundred years, by which we have exalted some of the most distasteful of human qualities into the position of the highest

At the same time that the above was published in book form (1932) Keynes reiterated atheistically that,

The decaying religions around us, which have less and less interest for most people unless it be as an agreeable form of magical ceremonial or of social observance, have lost their moral significance just because—unlike some of their earlier versions—they do not touch in the least degree on these essential matters. A revolution in our ways of thinking and feeling about money may become the growing purpose of contemporary embodiments of the ideal. Perhaps, therefore, Russian Communism does represent the first confused stirrings of a great religion.(9)

Elevating the world center of atheism as the precursor of a new “great religion” and condemning the moral principles of the last two hundred years as “the most distasteful of human qualities” puzzled many observers including those who were impressed by Keynes’ respectable credentials. Since Keynes always used extreme cunning in concealing his real motives behind a heap of embroidered rhetoric, it has been difficult to pinpoint his real intentions. However, like John Galbraith, his current disciple, Keynes’ self-conceit, inflated by successful deceptions, caused him to be careless. He declared, “I cannot doubt that Sex Questions are about to enter the political arena.”(10) Keynes, adding a whole constellation of questions that are tearing apart society today, declared,

Birth Control and the use of Contraceptives, Marriage Laws, the treatment of sexual offenses and abnormalities, the economic position of women, the economic position of the family—in all these matters the existing state of the Law and of orthodoxy is still Mediæval—altogether out of touch with civilized opinion and civilized practice and with what individuals, educated and uneducated alike, say to one another in private.(11)

These judgements were put together by Keynes for publication in 1932 while he was preparing the manuscript for his *magnum opus* the *General Theory of Employment, Interest and Money*.

Keynes’ aversion to human conception and marital fidelity, defeminization of women via state intervention and the shattering of the family as a cohesive unit sound strangely like something out of the *Communist Manifesto* of 1848. The above item on “sexual offenses and abnormalities” is indeed a strange note. Keynesian apologists have maintained an uncomfortable silence on J.M. Keynes championing the cause of sexual offenders.

In 1967 the world was startled by the publication of the letters between Lytton Strachey and Maynard Keynes. Undisputed evidence in their private correspondence shows that Keynes was a life-long sexual deviate.(12) What was more shocking was that these practices extended to a large group. Homosexuality, sado-masochism, lesbianism, and the deliberate policy of corrupting the young was the established practice of this large and influential group which eventually set the political and cultural tone for the British Empire.

Keynes’ sexual partner, Lytton Strachey, indicated that their sexual attitudes could be infiltrated, “subtly, through literature, into the bloodstream of the people, and in such a way that they accepted it all quite naturally, if need be, without at first realizing what it was to which they were agreeing.” He further explained, privately, that, “he sought to write in a way that would contribute to an eventual change in our ethical and sexual *mores*—a change that couldn’t ‘be done in a minute,’ but would unobtrusively permeate the more flexible minds of young people.”(13) This is a classic expression of the Fabian

socialist method of seducing the mind. This was written in 1929 when it was already in practice for over forty years. It is no wonder we are reaping the whirlwind of student disorders where drug addiction and homosexuality rule the day.

Keynes and his fellow voluptuaries made numerous excursions to the resorts ringing the Mediterranean, where little boys were sold by their parents to bordellos catering to homosexual appetites.(14)

The practice of crudely castrating small boys (where most died from infection or shock) to provide effeminized children for the edification of depraved visitors is a well-authenticated historical fact.(15) Boys from the ages of seven up to twelve were subjected to sadistic carnal abuse. Since in almost every instance these children were sold into sexual slavery by desperately poor parents who were steeped in ignorance and superstition, it sheds an insight into the hypocrisy of Fabians like Keynes, who aimed propaganda shafts at private enterprise in England and America because it did not guarantee full employment. He and his fellow leftist reformers however, had no compunction in exploiting human degradation and misery in Tunis, Algeria, Morocco, Egypt and Constantinople (Istanbul). These served as convenient spawning grounds for the establishment of enclosed brothels filled with children, who were compelled to satisfy the unnatural lusts of high-born English socialists.(16)

Keynes always ready to guide others freely advised his fellow debauchees to go to Tunis, “where ‘bed and boy’ were also not expensive.”(17)

This circle of sexual deviates consisted of a considerable number of participants. They were augmented by a larger group of prurient Bohemians who secured vicarious pleasures either as bisexuals or as voyeurs. Most lived off inherited incomes or family patronage. Attachment to Fabian socialism was endemic to this group. They came under the general appellation of “the Bloomsbury Group.” This orgiastic vortex had as its axis, Gordon Square in London. Keynes owned No. 46 and the Stracheys possessed No. 41. As one wit sarcastically put it, “all couples were triangles who lived in squares.”(18) Critics assigned to the ‘Bloomsberries,’ “Strange rites, sinister rituals and unmentionable initiation ceremonies. . . .”(19)

In academic deviate circles, Keynes acquired underground fame as a skilled connoisseur who was able to spot potential material for future debauchment among the male children at Eton (eight to sixteen years of age), as well as the youth of Cambridge. The Keynes-Strachey correspondence is replete with reports of such expeditions to both Eton and Cambridge University. Lytton Strachey wrote a poetic amoretto about his bed partner, Keynes, in which he classed him, “*A liberal and a sodomite, An atheist and a statistician.*”(20) In a fit of pique he once exclaimed, “Keynes sits like a decayed and amorous spider in King’s . . .” (Cambridge University).(21) Strachey’s chief biographer observed that the letters passing between his subject and Keynes, “would have provoked curiosity in Gomorrah and caused the inhabitants of Sodom to sit up and take note.”(22) It is noted that, “For several years Lytton’s intimate personal life was bound up with that of Keynes. . . .”(23) On one of their trips to the Mediterranean theatre of sexual aberrations, Strachey wrote of lounging around, “discussing ethics and sodomy with Keynes.”(24) Asking Lytton Strachey to spend time with him, Keynes once wrote, “my bed is depressingly disengaged all this month”(25)

As is usual in male homosexual circles there is a constant effeminate rivalry and intrigue for the favors of sexual partners. On one occasion Keynes seduced away Strachey’s male sweetheart and created a crisis in Bloomsbury. The amorous prize in question was Duncan Grant, the noted artist and a cousin of Strachey’s. The emotion laden scene resulted in Keynes answering Strachey’s accusation, contritely, “Your letter

made me cry.”(26) Strachey’s coldness to Keynes persisted for many months resulting in Keynes breaking down in tears before James Strachey (Lytton’s brother).(27) Although Keynes was reported to have had many homosexual partners throughout his life, his attachment to Duncan Grant continued until his death. It covered a span of 38 years.

Keynes, like other homosexuals, had a fascination for the male ballet dancers. He and the rest of the Bloomsbury deviates were particularly taken up with the Diaghilev Ballet. The Diaghilev publicity manager in the United States explained, “—business managers loved dancers; men and women of all ranks consorted with men and women of varying degrees of masculinity and femininity; husbands fell in love with other husbands or their wives.” He characterized them as behaving, “like inmates of a rabbit hutch, constantly darting about, pulled by intrigue or sex.”(28) Diaghilev, himself, was reputed to be a homosexual.

One of the enigmas of modern history is the role of Lydia Lopokova, the premiere ballerina of the Diaghilev troupe. Before she became the wife of J.M. Keynes her romantic career had curious left-wing overtones. Shortly before the Russian revolution Lopokova was engaged to Heywood Broun, a New York newspaperman and a socialist. Broun was conspiring with those Russian emigres in the United States who later appear in Moscow as prime movers of the Bolshevik Revolution.(29) Lydia suddenly decided to marry a member of the Diaghilev entourage who was a strange shriveled dwarflike person by the name of Barocchi. His movements have been covered in mystery to this day.

Right after the Bolshevik Revolution with the Red and White armies locked in a death struggle for the control of Russia there was thrown together an international espionage network, by Lenin, for the purpose of detecting the plans of the White Army leadership. A group of Cossack officers appeared at the Diaghilev performances in London in 1918. Lopokova disappeared with the chief Cossack general for several weeks. She returned to the ballet after the general headed back to Russia at the end of his leave of absence.

In 1925 Lydia Lopokova consented to be Keynes’ wife. On their honeymoon they visited her relatives in Soviet Russia. This puzzled experts on bolshevism since former nationals were strictly forbidden to visit their kin unless they were partisans of the communist cause. It was even more of a surprise in the case of Keynes since foreigners were severely restricted in their movements in Russia. The Keynes’ visited Lydia’s relatives again in 1928 when the Red Terror was even more intense and non-communist Soviet residents were in mortal fear of even speaking to foreigners.

In fact in Russia the mere exchange of mail with relatives abroad often was the cause of death through firing squad or enslavement in Siberian labor camps. In the midst of such repressive conditions, Lydia and Maynard were allowed unrestricted privileges to visit relatives and to travel freely. Even foreign heads of Communist Parties and representatives of the Communist International could not secure such a broad Soviet indulgence.(30)

It is well recognized that homosexuals are prone to blackmail by both communist and fascist movements, however, Keynes had previously proclaimed himself a bolshevik in private correspondence. His subsequent friendship with those accused as Soviet spies in the United States helps to explain his easy access to forbidden Soviet areas.(31)

Keynes marriage was obviously ‘an arrangement’ since he continued his association with his male amours until his death. In fact, his male sweetheart, Duncan Grant, served as best ‘man’ at his wedding.(32)

The facade of possessing a wife is a standard device in homosexual circles. Bloomsbury abounds in such arrangements. Frequently such ‘legal’ wives were lesbian or entirely asexual.

The deviate Keynes circle, dubbed as the “Bloomsberries,” were not originators of the London Bloomsbury tradition.<sup>(33)</sup> As far back as 1888, Eleanor Marx the daughter of Karl Marx, and her common-law husband Dr. Edward Aveling formed the Bloomsbury Socialist Society.<sup>(34)</sup> Aveling was noted as the first official translator of Marx’s *Capital* into English. Karl Marx’s alter ego, Frederick Engels lived nearby in the wealthy Regent’s Park area, closely supervising the organization of the original Bloomsbury leftist group.

Eleanor Marx set many of the standards claimed as original by “the New Left” today. She was an intimate of the novelist Olive Schreiner, who was a notorious dabbler in intersexual abnormalities.<sup>(35)</sup> Olive was a fanatic leftist who straddled both the Marxian and Fabian camps.<sup>(36)</sup> Eleanor Marx was a confirmed drug addict and on one occasion nearly died from an overdose of opium. Like the protesters of today, she was unkempt, slovenly and unwashed, possessing a body odor strong enough to be mentioned in books about that period. A top female Fabian leader of that time wrote an account of Eleanor’s narcotic addiction.<sup>(37)</sup> Eleanor Marx continued an old socialist tradition by cohabiting with her male partner without benefit of marriage.

Engels had set the precedent of companionate marriage a generation before with Mary Burns, a red-headed Irish beauty. When Mary died suddenly in 1863, Engels assumed the same relationship with her sister, Lizzy.<sup>(38)</sup>

The Keynesian circle did not originate the idea of an entrenched academic and intellectual depravity. As early as 1874 Oscar Wilde set the fashion in college circles of what was described then as, “the effeminate pose of casting scorn on manly sports, wearing his hair long, decorating his room with peacock’s feathers, lilies, sunflowers,” and walking around in velvet knickers with a singer flower in his hand. From Oxford University the fashion spread to Cambridge and then to other British universities. The movement took on a leftist tinge and the charge was made that “the cult spread among certain sections of society to such an extent that languishing attitudes, ‘too-too’ costumes and ‘aestheticism’ generally became a recognized pose.”<sup>(39)</sup>

It created such public revulsion that it prompted Gilbert and Sullivan to ridicule the practice into oblivion through their satirical operetta, *Patience* in 1881.

Wilde entered into close collaboration with Bernard Shaw in writing of critical reviews and gained notoriety as a leftist—with his 1891 essay “The Soul of Man Under Socialism.” Shaw made strenuous efforts to get the Fabian socialists to print this work and have it widely distributed.<sup>(40)</sup>

In 1895 the famous trial and conviction of Oscar Wilde took place. The shocking disclosures of Wilde’s sexual depravities, perpetrated on young boys, resulted in his being imprisoned as a sexual degenerate. This made him a martyr among the leftist academics and literary elite to this day. Bernard Shaw boasted that it was he, “and the Rev. Stewart Headlam, a fellow Fabian Socialist, who had gone bail for Wilde. . . .”<sup>(41)</sup> Attempts have been made to refurbish Wilde’s reputation with claims of his subsequent reformation and his receiving of the last sacraments of the Catholic Church and being buried in consecrated ground.

What has been omitted was the approbation he gave to his publisher shortly before his death when he wrote, “He loves first editions, especially of women—little girls are his passion—he is the most learned erotomaniac in Europe. He is also a delightful

companion, and a dear fellow, very kind to me.”<sup>(42)</sup>

During this same period Havelock Ellis put together his six volume compendium entitled *Studies in the Psychology of Sex*. To this day this is the bible on sexual studies in our colleges and universities. Ellis was an ardent defender of Oscar Wilde and declared that, “his (Wilde’s) essential judgments on life and literature were usually sound and reasonable. His essay on ‘The Soul of Man Under Socialism’ witnessed to his large and enlightened conception of life. . . .”<sup>(43)</sup>

Incredible as it may seem, Havelock Ellis was a sexual psychopath of the most degenerative type. He was a life-long urolagniac. He was sexually addicted to playing with his own urinary functions and also received an erotic stimulus from watching others do the same thing. He was conditioned to practice this most bizarre of perversions by his mother. She would thrust a urine soaked diaper, just removed from an infant, into his face to condition him, as he admitted into a “germ of a perversion.” As Ellis’ biographer put it, “Mother liked weeing on her hand and to young Ellis that was marvelous.”<sup>(44)</sup> Havelock carried over an abnormally intense adoration of his mother throughout his life.

At the age of 25, Ellis entered into a strange relationship with Olive Schreiner. She was mentioned previously as an intimate of Eleanor Marx. According to his own admission everything took place except normal heterosexuality.<sup>(45)</sup> He was masochistically feminine in his tendencies and enjoyed the company of aggressive lesbians. In fact, after marrying Edith Lees, a Fabian socialist with an inherited income, he drove her into lesbianism and took particular pleasure in having her recount her experiences with her female amours. Such induced depravity, plus drugs, (Ellis wrote the prescriptions) caused Edith to lose her sanity. She was pushed over the brink into complete mental collapse after Ellis wrote her that he was having a rather bizarre and abnormal relationship with Margaret Sanger, the notorious American crusader for birth-control.<sup>(46)</sup>

Thus Havelock Ellis, the sexual psychopath, is hailed in our halls of learning as, “The Father of social psychology” and is installed as one of the great progenitors of modern psychiatry. This might be analagous to investing the inmates of our mental hospitals with the right to set the guidelines for the sane population. Actually, Ellis antedated Freud when he declared, “I regard sex as the central problem of life.”<sup>(47)</sup> Sigmund Freud was in close collaboration with Ellis and acknowledged his debt in private correspondence. James Strachey, the brother of Lytton, was addicted to a passion for young men and his wife Alix was a consort of a notorious lesbian. They both studied under Freud while adhering to militant atheism and Fabian socialism. They became the English literary executors of Freud. Lytton Strachey, who was internationally known as a sexual pervert of the most pernicious kind, was lauded by Freud who wrote him, “As a historian, then, you show that you are steeped in the spirit of psycho-analysis.”<sup>(48)</sup> A thorough scientific re-evaluation of the motivations and the distortions of the founders of psycho-analysis as a “sick” movement is long overdue.

A Fabian reference work in describing Ellis states, “He was one of the founders of the Fabian Society and the New Fellowship.”<sup>(49)</sup> Ellis and his wife were in the germinal group that spawned Fabian socialism.<sup>(50)</sup> When Ellis was charged with publishing obscene material in 1898, a Free Press Defence Committee was set up including such Fabians as Bernard Shaw, Frank Podmore and Walter Crane.

Ellis had tremendous influence in furnishing the depraved nests of leftists with documented justification that no matter what they did, it was “normal.” He not only supplied his wife with morphine, via prescriptions, but was a chief advocate of the use

of hallucinogenic drugs. He imported the drug, peyote, from the American South West and in partnership with an artist and two poets used this hallucinogen as an inducement to depravity. Ellis described it as, “a saturnalia of the specific sense, and above all, an orgy of vision.” His American biographer and friend wrote that Ellis, “recommends the experience as ‘an unforgettable delight’ and ‘an educational influence of no mean value.’” (51) Ellis was the Timothy Leary of 1898.

Bertrand Russell, the chief aristocratic show-piece for Fabian socialism, once wrote, “I have read a good deal of Havelock Ellis on sex. It is full of things that everyone ought to know, very scientific and objective, most valuable and interesting.” (52)

Depravity had its rewards. Ellis was made editor of *Contemporary Science* series for the Walter Scott Publishing Company. These were basic texts used by colleges in Britain and America. They included economics, anthropology, sexology, history and ethics. Ellis personally penned a text-book on criminology. (53) He also had the dubious distinction of pioneering the movement for socialized medicine in England and America in his *Nationalization of Health*, in 1892.

Thus the evil precedent was already laid for the Keynes-Strachey perverted Fabian circle. One of the Fabian transmitters of tradition to the next generation of students was G. (Goldsworthy) Lowes Dickinson, a lecturer on political science at Cambridge University. Keynes, as a student, frequently went on excursions to the countryside with Dickinson. His attachment to the older man was deep and permanent. He gave “Goldie” full credit for fashioning his political thinking. Dickinson drew about him a bevy of young men at Cambridge who became the subjects of homosexual confidences in the Keynes and Strachey letters. Leonard Woolf was one of that group.

Woolf and Dickinson pioneered the concept, via Fabian circles, of the League of Nations and the United Nations. (54) Keynes became a fanatic proponent of the idea. When the Fabian socialists first put forward the idea of the League of Nations some were worried that Keynes was too left-wing in reputation to win over audiences when speaking for Dickinson’s League of Nations Union. (55)

Dickinson was a true carrier of the Oscar Wilde tradition. (56) Keynes’ official biographer observes that Dickinson, “seemed to waft with him, in his gentle way, the atmosphere of the Fabians. . . .” and that he was active with the Fabian leaders, “in the foundation of the London School of Economics. . . .” (57)

Dickinson, like other Fabians, steered a cautious course in his leftist gyrations always making certain that all his actions were covered by a facade of respectability. His primary function was that of being expediter for the Fabian process. His seeding operations bore fruit a generation later and in the subsequent years his ideas escalated until today they assume monstrous proportions.

His career represents a microcosm of the Fabian methods in subtle permeation of leftist concepts and activities. His lack of masculinity was communicated to hundreds of students at Cambridge University and this also grew to swollen dimensions. Today Great Britain has legally given sanctuary to homosexual depravity via the political pressures of homosexuals in all the political parties. This has been communicated to the United States by an ever growing pro-British clique in intellectual circles. Americans traditionally have followed European ideologies rather than fashioning their own. Curiously they have failed to draw theoretical lessons from the most powerful economic and political force of modern times.

The gentle Dickinson technique in the long run proved to be more pernicious than the violent variety of leftist action. It is of the creeping glacier variety that eventually

sweeps everything in its path without appearing to be catastrophic in its future results.

Dickinson maintained a life-long hatred of his early school years caused by ridicule from his school mates because of an obvious physical disability. His soft voice and effeminate manner made him the butt of many cruel pranks. However, it is reported that while a don at Cambridge University, “his hatred of school had not sprung from any aversion to the young of his own sex.” Lytton Strachey’s biographer draws a close parallel between the sexual propensities of his subject and that of Dickinson.(58)

What was lacking by this deviant circle was some academic postulate that would furnish the philosophic justification both for their perversions and their adherence to socialism. They found this in the philosophy of George Edward Moore who has been eulogized by Keynes, Strachey and others as the greatest intellectual influence on their lives. Personally, Moore was a tragic example of a formerly brilliant spiritual youth who was diverted into an evil direction. A precocious boy at the age of twelve, Moore dedicated himself to publicly preaching the Christian creed. He stood on street corners exhorting passers-by to heed the Ten Commandments. His atheistic older brother physically dragged him home. His family then forcibly kept him confined long enough to drum agnosticism into his head.

A brilliant mind, thus perverted, created an epistemology that absolved the worship of depravity and justified the advocacy of socialism. Years later at Cambridge, Moore rose before a group, including Keynes, Strachey and Bertrand Russell, and mockingly recited, “In the beginning was matter, and matter begat the devil, and the devil begat God.” Russell says that on this occasion, “I first became aware of Moore’s excellence.” He also reports that, “The paper ended with the death first of God and then of the devil, leaving matter alone as in the beginning.”(59)

Havelock Ellis, Oscar Wilde, Sigmund Freud and Karl Marx had previously proclaimed that no firm basis exists for moral and ethical judgements. G. E. Moore formalized this attitude in a philosophic phantasmagoria serving as a free-wheeling device to justify perverts and socialists in pursuit of social chaos. The most depraved practices and deliberately ruinous policies were given a philosophic license so as to make eventual socialization that much easier.

A definitive book on Fabian socialism states, “The great influence on the young Oxford and Cambridge Fabians of those days [1902-1930]—and they were an astonishingly brilliant batch—was that of G.E. Moore.” Among those listed were J.M. Keynes, Lytton Strachey, G. Lowes Dickinson, Harold Laski and Leonard Woolf. Of the entire roster of names alluded to in the above list, the majority are described as homosexuals in the Lytton Strachey–J.M. Keynes letters. The same source admits that Moore’s work, *Principia Ethica*, was a “focal” “book” for the Fabian Society in the 1920’s.(60)

The official biographer of Keynes boasts that Moore was mainly admired for, “his doctrine that ‘good’ is an attribute, the meaning which is *indefinable*.” (Italics ours) Bertrand Russell quickly jumped on this philosophic bandwagon, leaving the field of mathematics, and became Moore’s co-philosopher. As early as 1894 Bertrand Russell privately confided, “I almost worship him (Moore) as if he were a god. I have never felt such an extravagant admiration for anybody.”(61) In a paper by Keynes, published in 1949, he admits that for years, “I was writing under the joint influence of Moore’s *Principia Ethica* and Russell’s *Principia Mathematica*.”(62)

In the United States John Dewey led the American Fabians, in a deliberately abstruse manner, to echo the philosophic maze of Moore and Russell.(63)

When Russell was scheduled to teach in the College of the City of New York he was prevented from doing so on the charge of, “lecherous, libidinous, lustful, venerous, erotomaniac, aphrodisiac, irreverent, narrow-minded, untruthful, and bereft of moral fiber.”(64)

The philosophic credentials of Moore take on a peculiar meaning when one reads the letters of Lytton Strachey and J.M. Keynes addressed to Moore. They sought Moore’s advice in arbitrating sexual disputes relating to their claims for this, or that, male sweetheart. Moore was installed as unofficial mediator on these jurisdictional claims. Various accounts of Moore, Keynes and Lytton Strachey lying on a rug together, in different rural retreats, attest to Moore’s physical association among that homosexual coterie. The Lytton Strachey—Keynes correspondence is replete with lewd reports to Moore on the performances of their male sexual partners. This included progress reports on seductions of the young sons of the wealthy and the socially prominent.(65)

These organized perverts acted out a distorted “Alice through the looking glass” performance. Their bleatings for equal rights for homosexuality was promptly converted into general harassment of the normal population. The cry to be left alone hid covert moves to control and exploit the heterosexual majority.

Homosexual preoccupation with decreasing population and crusades for birth control has at its foundation their senses of revulsion against normal procreative sex. They also furnish a major thrust to justify the use of drugs and halucinogens because they are the most likely to seek out stimulants that create an artificial orgiastic mood. As noted before, they early seized upon the field of sex study as a propaganda weapon to indoctrinate generations of college youth with attitudes leading to twisted sexual appetites.

They perform like self-made eunuchs, converting their handicaps into centers of control that manipulate a maze of sociological propaganda. The castrated logothetes of the Byzantine Empire were mere amateurs compared to these modern leftist degenerates.

Deception and trickery coupled with acid criticism of everything moral and progressive as “reactionary” is a standard fare among them. Past history has many examples where homosexuality played a similar role amidst declining cultures. Aboriginal savages of the most primitive type abound in homosexual practices. The fact that the Keynes-Strachey Fabian socialist coterie practiced sodomy, lecheurism, lesbiansim, coprolagnia, scatophagy and urolagnia is evidence of infantilism carried to the point of psychopathia. However, by persistent permeation of the centers of information, education and government the deviates have been able to invest themselves with a “Progressive” and “Liberal” cover. Actually, they are a throwback to the animal past of ancient primitive man whose sex habits operated on an infantile level.(66)

According to Stekel, such sexual cripples, “display the presence of strong sexual drives and of deep-seated criminal propensities. Their unbridled egocentrism leads them to hate everyone who surpasses them or stands in their way.” He further records that the sex deviate generally operates on the basis of “spite.”(67) Another authority states succinctly, “The homosexual is inwardly sick; in a convenient process of displacement, he shifts the blame for his illness to the outer world.”; and, “He is the classical injustice collector; his constant complaint is that he has been ‘unjustly treated.’ ”(68) These attitudes make the sexual deviate a natural candidate for collectivist tyrannies. In the case of Keynes, Strachey, Ellis, Moore and Woolf the nesting place was the Fabian socialist menage. Others so afflicted become enamoured of nazi or fascist movements.

In the case of the Keynesian grouping there existed an avenue whereby they could move to-and-fro into the bolshevik orbit and back to Fabian respectability again. They cultivated not only the deceptive devices of the covert pervert but also inherited the massive arsenal of political tricks accumulated for generations in the socialist movement. The socialist perverts became in fact a living embodiment of continuous employment of falsification and practiced deceit. Keynes became so skilled in habitual conniving that his fellow intriguers dubbed him with the name of “pozzo.” He reminded them of one of the most devious and treacherous machiavellians of all time, Pozzo diBorgo (1764-1842).

In a letter written to Keynes, in 1909, Lytton Strachey emoted, “Oh dear me!, when will my heaven be realized?—My Castle in Spain? Rooms, you know, for you, Duncan and Swithin, as fixtures—Woolf of course, too, if we can lure him from Ceylon; and several suites for guests. Can you conceive anything more supreme! I should write tragedies; you would revolutionize political economy, Swithin would compose French poetry, Duncan would paint our portraits in every conceivable combination and permutation, and Woolf would criticize us and our works without remorse.”<sup>(69)</sup> This projection of the future was prophetic. Keynes did become a revolutionary in economics; Strachey became a dramatist and a wrecker of historical moral symbols and Woolf became the architect of both the League of Nations and the U.N. via the Fabian society.

A short account presents a wriggling mass of intertwining perversions. Keynes had relations with Strachey; Strachey had affairs with Duncan Grant; Keynes stole Grant from Strachey; Lytton’s brother James Strachey adored Ruppert Brooks but so did Keynes; Strachey reports to G.E. Moore on seduction of new boys; Keynes steals Edgar Duckworth from Lytton; Keynes and Lytton agree that homosexuality is, “that love which passes all Christian understanding”; Strachey emulates Oscar Wilde with absinthe and drugs; He also declares that, “the whole truth is the Devil”; He predicts that in one hundred years, “everyone will be converted,” to homosexuality; Strachey and Keynes promote obscenitarian talk in colleges; Lytton lives with Dora Carrington, a lesbian; Carrington solicits homosexual partners for Lytton; Keynes, Lytton and Carrington have orgies involving lesbian and sodomistic interchanges; Keynes and Strachey dress in women’s clothes and dance; Keynes and Strachey give a sanctuary to homosexual objectors to military service thus frustrating the authorities; Keynes defends the use of drugs and Strachey smokes hashish; Carrington married several men so they could be Strachey’s boy-friends; Lytton stole Sebastian Sprott from Keynes—(the tables were turned); Lytton excuses his drug taking as a liberation from “this wrong world”; Finally, there are engrossments by Keynes and Strachey with sadistic beating of young boys, “compulsive preoccupation with male re-productory and excretory organs” and voyages to the most depraved dens of perversion throughout Europe, North Africa and Asia.

George Bernard Shaw spanned the entire period of this deviant circle beginning with the Oscar Wilde scandal and extending beyond the death of Keynes in 1946. He not only had knowledge of these obscenities and perversions but defended the culprits when they were arrested or accused. He was himself a most bizarre deviate. He insisted on watching the cremation of his mother behind the scenes so he could enjoy the sight of the flames consuming her body. A witness reported that Shaw had a “look of ecstasy as the coffin burst into twirling rhythms of soaring flames.” He left the crematorium happily humming a tune and immediately went to a gay week-end party given by the Sidney Webbs. He attended many cremations and definately got a sexual thrill from watching burning of bodies.<sup>(70)</sup>

Shaw was also addicted to another sexual peculiarity. He spent his weekends with a

notorious lesbian and was known as her “Sunday Husband.”(71) He openly boasted, “I put the physical act of sexual intercourse on the stage. . . .” His sexual eccentricity included playing the game of tennis in the nude with other males.(72) His marriage to a millionaire Fabian socialist, of masculine habits, was clearly one of financial and political convenience. Shaw was a chief patron and sponsor of Keynes in Fabian socialist circles in England and the United States. Keynes gave Shaw a full report of the progress he made in writing books over a period of seventeen years.

The biographer of *Lytton Strachey* explains, “we are to picture Lytton and other brave Bloomsbury spirits with their copies of [Moore’s] *Principia Ethica* debating how best to translate its message into the various realms of art, economics, literature (subdivided into fiction and non-fiction), painting and politics. All members chose or were allocated particular fields in which to work, and spent the remainder of their careers running this specialized school for higher philosophic propaganda.”(73) We know that Keynes did the economic and political task for this group. There were others who dominated entire fields of endeavor that profoundly influenced not only England but America as well.

One noted instance of such influence was Edith Nesbit, the wife of Hubert Bland one of the founders of the Fabian Society. Edith was strangely attracted to members of her own sex and had the unique task of raising the children of her girl friends whom her husband had impregnated. Olive Schriener, whom we mentioned before, was particularly intimate with Edith. Olive described her experiences with Edith, “The last night she lay by me on the bed and drew me very close to her and pressed her face against mine, and do you know, I have felt it ever since.” Edith responded with “You took me out of my world into another from which I came out with a sigh and a shiver.” This mannish woman with a boyish haircut was the author (often under masculine names) of scores of childrens books that have been sold by the millions on both sides of the Atlantic.(74) It is a sad commentary but the left-deviant slant began with conditioning of little children and continued by progression to embrace all classes in every major category of thought and education.

The pertinent question to this study is whether Keynes and his disciples were significantly influenced in their economic and political projections first by their organized perversions; secondly by their covert Fabian socialist aims, and finally did the mixture of the two result in a cunningly fashioned parasitism that would leave the deviate-socialists in a controlling position?(75) It has been recognized by historians and scholars for several thousand years that subjective immoral conditioning has a degenerating effect on philosophic, religious and political judgements. In the case of the Keynes the subjective problem was magnified a hundred fold not only by his sexual depravity but also by his immersion in the tightly knit intellectual circle of deviant-Fabians. At no time did he break away from them. His condition was permanently ingrained and his philosophy was structured to consider homosexuality as superior and the regular habits of the majority as a boorish moral deficiency.

It was almost inevitable that Keynes and his cohorts would evolve a program calling for a stationary society where production, prices, consumers and labor could be manipulated and controlled by an effeminized bureaucracy. History records many attempts by organized homosexuals to control society. Babylon, Persia, Egypt, Greece and Rome experienced such abominations.(76) The logothetes of Byzantium, the Janizzaries of the Turkish Sultans and Knight Templars (1314) of the Roman Church were charged with similar motives. Since the 15th century such charges were leveled against the Illuminist sects of Spain, Portugal, France and Germany and when the Jesuits of 1773 were outlawed by the Pope, sexual deviation as a power seeking ingredient was one of the accusations used. Intrigues are as old as history. However, the present danger of such movements is greater than before because the complexity of

modern society opens up unlimited opportunities to permeate control centers by small groups who can either disrupt or dominate huge masses of people.

Almost as pernicious are those who knew of these perverted machinations and kept them secret due to loyalty to the collectivist ideal. R.F. Harrod, the economist and official biographer of Keynes, definitely knew of the homosexual intrigues. A comparison of letters quoted indicate that Harrod edited out sections of Keynes correspondence that unquestionably referred to the degeneracies of the Keynes-Strachey circle. The entire Fabian top leadership knew of these pervasive activities. Today evidence is clear that it was a well kept secret from the public but it was common knowledge among the Keynesian economic fraternity. Lytton's cousin, John Strachey and the Fabian leadership both in England and in the United States knew about the perversions both of his kinsman and Keynes. Shuffling between the Fabian and the Communist camp he was one of the greatest proponents of Keynesianism as a weapon to bring about socialism. Bertrand Russell mentioned the organized homosexuals by indirect inference and then proceeded to denounce those who would restrain the sexual aberrants. J.K. Galbraith cleverly shielded himself by boasting, in a book on economics, as to his personal facility in sexual manhood. It is inconceivable that the Keynesian economic host in the United States, who made periodic pilgrimages to England, did not perceive the sordid nest that bred their economic theories. Also Barbara Ward, the current favorite Keynesian, certainly had access to the true facts. Her Fabian credentials are too extensive to allow any disclaimer.

A new appraisal is long overdue on Walter Lippmann who served as chief expeditor of Keynes in the United States. He introduced Keynes to the American public in 1919, by arranging, along with Felix Frankfurter, to have the *Economic Consequences of the Peace* printed in this country. Lippmann, like Frankfurter, was a member of the British Fabian group and was privy to all their secrets. With the new information as to the Keynesian depravities one can understand the curiously slanted attacks against normal morality in Lippmann's *A Preface to Morals*.(77)

It is difficult to unravel the intertwining web of sexual and socialist motivations. It is easily apparent that the socialist-communist aims are dominant and in the final show-down are decisive. The homosexual sickness is utilized like germ warfare, to spread degeneracy and immorality throughout society. The blackmail potential of the homosexual condition by communists has been too well documented to need much repetition here. The defection of the British homosexuals, Burgess and Maclean, who carried secrets to Moscow is only one of many examples where depravity has been harnessed to serve red purposes. The fact that these two were products of Cambridge University while Keynes was one of the administrative powers there, is a significant testimony to the degenerative climate there.

Guy Burgess was a member of a Keynesian dominated group at Cambridge called "the Apostles" and was constantly sponsored and promoted by a top Fabian socialist into government positions even though he had a notorious record as a communist during his university days. A startling similarity to Keynes' reference to "bed and boy for the same price" in Tunis is an incident by Burgess in Tangier where he publicly chanted the refrain, "Little boys are cheap today; Cheaper than yesterday."(78)

Harry Dexter White and J.M. Keynes were inseparable in the United States shortly before Keynes died. When Keynes fell ill on a train to Washington D. C. it was reported, "And there too was Harry White, keeping patient vigil by his dear friend, full of sad anxiety."(78) The facts are incontrovertible that White served as a Soviet agent while doubling with Keynes as the architect of the World Bank and the International Monetary Fund. For a Soviet agent to express so much emotional devotion to a British

representative seems odd, to say the least. In fact the Bloomsbury group to this day considers White as one of its Keynesian heroes.

While in America Keynes wrote in a private letter, "Our personal relations with the Russians have been very cordial and we have seen quite a lot of them socially. We like them exceedingly and, I think, they like us."<sup>(79)</sup> It must be noted Keynes wife (nee Lopokova) was in charge of the social arrangements and liaison between the British and American representatives and the Soviet representatives. The entire edifice of the International Monetary Fund and the foreign hand-outs of American wealth was structured and aimed by this strange combination.

It has long been recognized among left-wingers that homosexuals are useful tools to soften up the intellectual and moral fiber of society. Soviet secret police defectors have reported that special Soviet schools exist for training of political prostitutes and homosexuals as blackmailing squads to induce key personnel in non-communist countries to do their bidding.

The solicitation of "urnings" as tenants in American Fabian institutions such as Hull House in Chicago and the Henry Street Settlement in New York City has long been an open secret among socialists and communists.<sup>(80)</sup> The frequent accusations that there are leftist homosexual circles in the State Department and many other government bureaus take on a more meaningful note with the disclosures of the Keynesian cabal in England and America.

What appears as a sudden explosion of sexual depravity in America today is a cumulative result of several generations of sociological corrosion of our sexual mores. This pervasive process can be traced step-by-step in the social studies text books that have been the required academic fare in undergraduate and graduate studies in almost every college in the country. The sexually sick in their arrogance, being puffed up by power within control positions, are allowed full rein in spreading their lascivious rot through literature, education, jurisprudence, entertainment and government itself. Religion which has traditionally served as a bastion against regression to bestiality and savagery is today showing the effects of leftist permeation. Some churches even lend themselves to homosexual rallies.

It has been the irony of history that communist and fascist regimes eventually kill the perverts who served as political panderers in undermining society. A fighter for freedom can get no retributive satisfaction from this, since under a police state he figuratively stands to be crucified between two sexual degenerates.

The growing literature that presents child molesters in a sympathetic light, as poor victims of "the social system," is a direct outgrowth of the influence of those who want to build a social sanctuary for perverts such as Keynes. The depravities committed by Keynes and his cohorts against the young are legally considered felonious acts in every nation of Western civilization. This is even true in the Soviet Union and its satellites. The communists encourage and promote such depravities only in those nations they want to soften up for the take-over.

The communist and socialist masterminds who mobilize the degenerate and criminal elements to do their work of social demolition are hereby exposed in all their hypocrisy. Their claims to build something finer and more civilized lies exposed as a mere snare. The most venal usurer and the most ruthless profiteer cannot even begin to compete in terms of evil when contrasted to the malignant leftist panderers within the morally depraved circles of perversion.

A re-examination of the economic and social theories of the Keynesian-Fabian host

in the light of the psycho-sexual twist in their thinking, carries an urgent priority among honest scholars and statesmen of today. This must be done carefully, thoroughly and with judicious balance. The therapy to heal the damage must be applied energetically and courageously. Otherwise our civilization will retrogress into a cultural and moral barbarism as other civilizations have retrogressed in the past. Let the shame and decline of Great Britain be an object lesson, especially, to the rest of the English-speaking world.

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1 R.F. Harrod, *The Life of John Maynard Keynes*, Macmillan & Co. London, 1951, p. 648.

2 *Ibid.*, pp. 643-644.

3 *Ibid.*, p. 649.

4 *Ibid.*, p. 644.

5 Seymour E. Harris, *John Maynard Keynes*, Charles Scribner's Sons, New York, 1955, p. 33.

6 *Ibid.*, p. 41.

7 Harrod, *The Life of John Maynard Keynes*, p. 645.

8 John Maynard Keynes, *Essays in Persuasion*, Harcourt, Brace and Co. New York, 1932, p. 369.

9 *Ibid.*, pp. 308-9.

At the time Keynes issued the above book the Soviet terror was killing millions of peasants who were considered enemies of forced collectivization. It is estimated that at least twelve million persons of all ages were destroyed through incredibly inhuman methods. One technique consisted of jamming human cargo into open-slat cattle cars which were routed into areas of arctic cold. The corpses remained in an upright position since there was no room for them to fall down. The frozen stiff bodies of men, women and children were then piled on the ground in Siberia like cordwood until the spring thaws, when they would then be burned. This was only one brutal aspect of what Keynes called, "stirrings of a great religion." (See Victor Kravchenko, *I Chose Freedom*, Charles Scribner's New York, 1946, pp. 51, 63, 98, 104-05, 137. See also, Ivan Solonevich, *Soviet Paradise Lost*, Williams & Norgate, London, 1938, *passim*.)

10 *Ibid.*, p. 332.

11 *Ibid.*, p. 332.

12 Michael Holroyd, *Lytton Strachey: A Critical Biography*, Heinemann, London, 1967. Printed in two volumes. Vol. II printed in 1968. An American edition distributed by Holt, Rinehart and Winston, New York. The pagination is the same in both the British and American editions.

13 *Ibid.*, vol. II, p. 631.

14 Havelock Ellis, *Studies in the Psychology of Sex*, Vol. I, Part Four, Random House, New York, 1942, "Sexual Inversion," pp. 13, 23, 39, 58, 62, 75. The Fabian perverts used the areas mentioned by Ellis practically as a guide book. Keynes visited all of the Mediterranean areas mentioned, usually in the company of another English homosexual. (Tunis, Algeria, Constantinople, Sicily, Capri, Cairo, Greece and Salerno.)

15 *Encyclopaedia Britannica*, 13th Edition, vol. 9, pp. 890-91 and Vol. 31, pp. 323-24.

*The Americana*, Scientific American, New York, 1908, Vol. III, "castration."

16 Holroyd, *Lytton Strachey*, Volumes I and II, *passim*.

17 *Ibid.*, Vol. I, p. 80.

18 *Ibid.*, p. 413.

19 *Ibid.*, p. 412.

20 *Ibid.*, p. 260. (The items, "Eton" and "Cambridge" in both volumes.) See also page 496 to Harrod, *Keynes*.

21 *Ibid.*, p. 258.

**22** *Ibid.*, p. 212.

**23** *Ibid.*, p. 211.

**24** *Ibid.*, p. 283.

**25** *Ibid.*, Vol. II, p. 387.

**26** *Ibid.*, Vol. I, p. 339.

**27** *Ibid.*, p. 433n.

**28** Edward L. Bernays, *Biography of An Idea*, Simon and Schuster, New York, 1965, p. 113.

**29** Broun was a close associate of Leon Trotsky and his group in New York City as well as the cell around Ludwig C.A.K. Martens, the first Soviet representative in the United States (1920). Broun became a red under the leadership of Walter Lippman at the Harvard Socialist Club in 1906. This was a Fabian endeavor. Lippman was actually a member of the British Fabian Society. Broun was an underground Sovieteer but nominally a Fabian socialist serving as an officer of the League for Industrial Democracy and the Rand School. During the Hitler-Stalin pact he gave up his disguise in disgust with the admission, "The masquerade is over!"

**30** The testimony of former Communist International leaders such as Benjamin Gitlow and Joseph Kornfeder clearly proves the nature of the Terror existing during that period. Even socialists in Russia, who were akin to the British and American Fabian socialists, were being slaughtered by the thousands.

The late Robert Hunter after leaving the American Fabian Socialist movement wrote that in 1918-1919 alone over 128,000 moderate socialists were arrested in Soviet Russia. Therefore Keynes could not have pleaded special privilege because of his socialist credentials. (Robert Hunter, *Revolution*, Committee for Constitutional Government 1943, New York, p. 184.)

See also Victor Kravchenko, *I Chose Freedom*, pp. 56-57, 186.

Robert Payne, *The Life and Death of Lenin*, Avon Books, New York, 1967, pp. 568-69.

**31** Harry Dexter White, Lauchlin Currie, Frank Coe and others. Harrod, *Life of Keynes*, pp. 537-41.

**32** *Ibid.*, p. 365.

**33** The reference to members of the Keynes-Strachey Bloomsbury group as "Bloomsberries" is an obvious play on words identifying with "fruit," a *slang* expression for homosexuals.

**34** Letter of Frederick Engels to Sorge in the United States, April 30, 1890. Engels also refers to the fact that the Fabian socialists in America are "just a rehash of Fabians in this country." (England). (Ref. *Labour Monthly*, May, 1934, London, pp. 308-311.)

**35** Robert Payne, *Marx, A Biography*, Simon and Schuster, New York, 1968, pp. 515-16.

Doris Langley Moore, *E. Nesbit—A Biography*, Clifton Books, New York, 1966, pp. 110-111.

Arthur Calder-Marshall, *The Sage Of Sex*, G.P. Putnam, New York, 1959, pp. 88-105.

**36** *Ibid.*, p. 86.

**37** Payne, *Marx*, pp. 514-515. Also Beatrice Webb, *My Apprenticeship*, p. 292.

**38** Leopold Schwartzchild, *Karl Marx—The Red Prussian*, Grosset and Dunlap (The Universal Library—paperback), New York, n.d. pp. 279, 346.

The female enthusiasts of the "new left" convinced, by their male counterparts, that living without marriage bonds is to their advantage should take heed from the tragic experience of Elizabeth Marx. She secretly lived with Dr. Aveling while Karl Marx was alive. After his death her relationship was openly declared in leftist circles. Her life with Aveling was a continuous tragedy. Her "female emancipation" consisted of supporting Aveling while he consorted with other women and subjected her to emotional and physical abuse which could rival the horrors of Marquis de Sade. Aveling regularly wrote out prescriptions (illegally) to furnish Elizabeth with narcotics. Actually, he was secretly, but legally, married to a young woman in France. Although a verdict of suicide by poison was given at Elizabeth's death, it was the opinion of leading English socialists that Aveling had murdered her after she found out about his legal marriage. Engels, who carried on the same kind of relationship for over 30 years, was almost the sole defender of Aveling's conduct. (See Payne, *Marx*, pp. 527-531.)

39 *Encyclopaedia Britannica*, 11th Ed., Vol. 28, p. 632.

40 Anne Fremantle, *This Little Band of Prophets*, p. 51. (Unwin edition).

*The Soul of Man under Socialism* by Oscar Wilde was published and distributed by the American Fabian Society after his conviction for sexually perverting the young. (Ref., *American Fabian*, Feb. 1896, p. 14.)

41 H. Montgomery Hyde, *Oscar Wilde, The Aftermath*, Farrar-Strauss, New York 1963, pp. 43-5.

42 H. Montgomery Hyde, *Oscar Wilde, The Aftermath*, p. 158. (The “dear fellow” died in great misery as a result of overindulgence from drinking absinthe accompanied by a drug addiction.)

43 Ellis, *Studies in the Psychology of Sex*, Vol. I, part 4, pp. 48-9.

44 Calder-Marshall, *Sage of Sex*, pp. 20-25, 39.

45 *Ibid.*, p. 91. (Ellis was also a close friend of Eleanor Marx. pp. 94, 107.

46 *Ibid.*, pp. 198-204, 208-225,

47 Isaac Goldberg, *Havelock Ellis*, Simon and Schuster, New York, 1926, p. 203.

48 *Ibid.*, pp. 200-201, 202, 212-213, 217-219.

Holroyd, *Lytton Strachey*, vol. 1, pp. 245, 248-50, 343; vol. II, pp. 97-98, 195, 256n, 222-223, 450, 616.

49 *The Encyclopedia of Social Reform*, (Fabian socialist) Funk & Wagnalls, New York, 1898, p. 552.

50 *Sage of Sex*, p. 119.

51 Goldberg, *Havelock Ellis*, (Ellis reported that the effect of the drug, “reveals an optical fairyland, where all the senses now and again join the play, but the mind itself remains a self-possessed spectator.” This is precisely the effect of modern LSD.)

52 *The Autobiography of Bertrand Russell*, Little, Brown, Boston, 1968, vol. II, p. [ ]

53 *American Fabian*, Boston and New York, 1895-98 carried reference lists of the Walter Scott Publishers books for colleges in the United States. Scribners secured permission to print them in this country. (See also, *Bernard Shaw Collected Letters, 1874-1897*, pp. 190, 201, and *Sage of Sex*, p. 110.)

54 *Dictionary of National Biography*, London, 1931-1940, “Within the first fortnight of the war he [Dickinson, 1914] drafted schemes for a ‘League of Nations’ (a phrase which he may have invented) and played the leading part in founding the group of pacifist internationalists known as the Bryce group, which later became the nuclei of the League of Nations Union and promulgated some of the actual provisions of the League.” p. 226.

Woolf authored *International Government*, (1916), which was mentioned previously. It has a closer affinity to the concept of the United Nations than to the League of Nations. Both Woolf and Dickinson were Fabian socialists. Kitty Muggeridge and Ruth Adam, *Beatrice Webb—A Life*, Alfred Knopf, New York, 1968. “Woolf and Sidney [Webb] drew up a draft for an international treaty for the establishment of a supra-national authority. Both studies were first published as supplements to the *New Statesman* and were combined with Woolf’s blueprint for a League of Nations in his book, *International Government*, which was the basis of the British government’s brief at Geneva and which lay on President Wilson’s desk when he was first drawing up his plan.” p. 205.

What is omitted, in the above, is that Walter Lippmann, then a member of the British Fabian Society, arranged to place the socialist plan before Wilson and was the real author, along with his British Fabian co-conspirators, of Wilson’s Fourteen Points. This more than any other single factor probably prepared the conditions that gave rise to Hitler.

55 Harrod, *Life of Keynes*, pp. 291, 306.

56 Hyde, *Oscar Wilde*, p. 190.

57 Harrod, *Keynes*, p. 63.

58 Holroyd, *Lytton Strachey*, vol. I, p. 172.

59 *Autobiography of Bertrand Russell*, Little, Brown and Co., Boston, 1967, Vol. I, pp. 104-105.

60 *This Little Band of Prophets*, (Unwin edition) pp. 216-17.

- 61** Russell, *Autobiography*, Vol. I, p. 163.
- 62** Harrod, *Life of Keynes*, p. 651.
- 63** Morton White, *The Age of Analysis*, 1961, Mentor Books, New York, pp. 176-178. Seventh printing, (dedication—"To G.E. Moore") This leftist slanted work is required reading in most colleges in the United States.
- 64** Russell, *Autobiography*, Vol. II, p. 348.
- 65** The Homosexual petty intrigues for the favor of their young seducees, with Moore as confidant and arbiter of both Keynes and Strachey, is too lengthy and involved for treatment here. For further data see Holroyd, *Lytton Strachey*, vol. I, pp. 162, 178-179, 214, 217, 220, 291-93, 313-15; vol. II, pp. 5, 71, 77.
- 66** William Stekel, *Patterns of Psychosexual Infantilism*, Washington Square Press, New York, 1966, pp. 32-33, 84, 211, 222, 225, 230. ". . . scatology and anosexuality play an important part in various forms of psychic infantilism," (p. 225). "Implicitly, every neurotic [homosexual] is in the grip of strong ano-sexual impulses which are part and parcel of all primitive sexuality." (p. 230)
- P.L. Harriman, *Dictionary of Psychology*, Philosophical Library, New York, (See definitions relating to infantile sexuality as applied to homosexual and bisexual perversions under the categories, "Allogagnia," "Lecheur," "Oral-erotic stage," "Polymorphous-perverse.")
- 67** Stekel, p. 230.
- 68** Edmund Bergler, M.D. and William Kroger, M.D., *Kinsey's Myth of Female Sexuality—The Medical Facts*, Grune and Stratton, New York, 1954, p. 130.
- 69** Holroyd, *Strachey*, vol. I, p. 396. "Duncan" was Duncan Grant, the artist and homosexual partner of Strachey, Keynes and others. "Swithin" eventually broke away from the perverted circle by fleeing to India and acquired an honorable record of service there.
- 70** Stephen Winsten, *Jesting Apostle, The Private Life of Bernard Shaw*, E.P. Dutton, New York, 1957, pp. 151, 166, 201.
- 71** Muggeridge and Adam, *Beatrice Webb*, pp. 136-37.
- 72** Frank Harris, *Bernard Shaw*, Simon and Schuster, New York, 1931, pp. 232-33.
- 73** Holroyd, *Lytton Strachey*, vol. I, p. 416.
- 74** Doris Langley Moore, *E. Nesbit—A Biography*, Chilton Books, New York, 1966, pp. 75-6,110. E. M. Forster, the famous novelist and prominent Fabian socialist and member of the Keynes-Strachey circle was the main link between E. Nesbit and the Bloomsbury group.
- 75** The matter of motivation is the key to analyses of all political and economic expositions.
- 76** Nathaniel Weyl and Stefan Possony, *The Geography of the Intellect*, Henry Regnery Chicago, pp. 107-08. Weyl and Possony brilliantly bring into perspective the debilitating and socially destructive effects of sexual perversions in Greek and Roman civilizations. As in the present left-wing movements, the chief impetus for such depravities came from the offspring of the well-to-do classes. The effect on the political and economic structures of the Roman Empire was so catastrophic that it profoundly facilitated the decline of Europe, the Mid East and North Africa into the Dark Ages.
- 77** Walter Lippmann, *A Preface to Morals*, MacMillan, New York, 1929, pp. 314-320.
- 78** Bruce Page, David Leitch, Phillip Knightley, *The Philby Conspiracy*, New American Library, New York, 1969, pp. 80,174.
- 79** Harrod, *Life of Keynes*, p. 637.
- 80** *Ibid.*, p. 582. (1945) Oxford Universal, Dictionary, 1955, Urning, "a homosexual person."

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## [Chapter X – IS KEYNESIANISM A SOCIALIST MANEUVER?](#)



# KEYNES AT HARVARD

## *Economic Deception as a Political Credo*

BY

Z Y G M U N D D O B B S

*A Veritas Study*

2009 Web version transcribed from the  
REVISED AND ENLARGED EDITION (1969)

X

## IS KEYNESIANISM A SOCIALIST MANEUVER?

There has been a steady and increasing chorus of denials that Keynes and his theories have anything to do with socialists and socialism. Incongruous as it may seem, most of the disclaimers have come from socialists themselves. Beware when socialists defend anyone against socialism! However, there are those bearing conservative labels who join in the same denial. The campaign has been incredibly successful.

Keynes is fixed in the minds of most observers as a savior of capitalism. The argument proceeds that the private enterprise system was failing and take-over either by communists or fascists was imminent. Along came Keynes with a presumably unique and original plan to save the doomed capitalist system from complete disaster. The major precept was projected as a theory of “mixed economy” whereby the government would act as receiver and administrator of the “national product.”

The liberals, bankers, manufacturers and government officials who embraced this package went through the motions like men grabbing at life preservers while still standing on the shore. The sight of the economic waves in the distance was projected histrionically as actual drowning. This stampeded the foolish, the timid and the opportunistic into accepting an old reactionary propaganda device that was refurbished in the modern tones of a cultured English accent.

The first thing Keynes did was to disclaim any connection with marxism. This was an elementary Fabian socialist diversionary move to distract the public from noting Karl Marx’s projection of a “mixed economy” in the *Communist Manifesto* of 1847. Academic pundits suddenly developed a conscious amnesia about the fact that Marx’s socialist forces intended to “use its political supremacy to wrest, *by degrees*, all capital from the bourgeoisie” and that private savings would be eliminated by the simple expedient of, “centralization of credit in the hands of the state, by means of a national

bank with state capital and an exclusive monopoly.”(1) This is pure Keynesianism 45 years before Keynes was born. The elimination of private savings and the “euthenasia of the *rentier*” was the touchstone of the entire Keynesian edifice. Government manipulation of credit policies and regulations that control production movements to undermine the principle of property rights was boldly and directly proclaimed by Marx:

Of course, in the beginning, this cannot be effected except by means of despotic inroads on the rights of property, and on the conditions of bourgeois production; by means of measures, therefore, which appear economically insufficient and untenable, but which in the course of the movement, outstrip themselves, necessitate further inroads upon the old social order, and are unavoidable as a means of entirely revolutionising the mode of production.(2)

Of course, the heavy lever to make all this possible is proclaimed as, “A heavy progressive or graduated income tax.”(3)

Karl Marx laid down these strategic devices not as socialism per se but as the means of emasculating private enterprise before instituting a functional socialism. This is precisely what the hard core Keynesians set out to do. With Marx’s clear exposition we begin to understand the Keynesian give-away programs and the soaring national deficit policies in which as stated above, “appear economically insufficient and untenable.”

When John Maynard Keynes was seven years old (1890) his father authored a volume entitled the *Scope and Method of Political Economy*. The Keynesian method of *double entendre* was developed by the elder Keynes to a fine art. An economist who could write a 370 page book studded with marxist-like metaphors without once mentioning the name of Marx must be credited at being a master of skillful literary concealment. J.N. Keynes’ talent of assuming a respectable posture within an academic sanctuary while chipping away at the edifice of private enterprise, was passed on to his son. John Neville Keynes managed to smuggle in the marxist theme that, “Schemes of socialism, moreover, as distinguished from pure communism, do not necessarily involve the entire abolition of free exchange.”(4)

J.N. Keynes illustrated through a most intricate web of subtle suggestions that the concept of private enterprise can be switched around to prove it either as desirable or a menace according to one’s motives. He also made allusions to government regulations and the possible need for a world body to control the economic life of man thus predating his son John Maynard by 54 years on the same proposition.(5) J.N. Keynes had two fellow leftists to aid him in his book. One was Henry Sidgwick and the other was Alfred Marshall, both being socialists and mentors of young John Maynard Keynes.(6) The elder Keynes book was required reading among Fabian socialists and was listed for sale in the official organ of the American Fabian Society under the listing, “Recommended books on Socialism and Social Reform.”(7) Thus John Maynard Keynes was nurtured on socialism and atheism practically from his mother’s milk.

At the age of 21 Keynes was taken in hand by G. Lowes Dickinson, the effete Fabian socialist at Cambridge University. There he was joined by Leonard Woolf, a life long Fabian and G.E. Moore the philosopher of the Fabian Society of socialists. John Maynard Keynes reported his activities dutifully to his father, who was a lecturer in moral science at the University. The role of steering his son into the respectable facade of Fabian socialism has not been properly aired in biographical sketches of the elder Keynes. It is generally overlooked that John Neville Keynes was general overseer of his sons activities and associations at Cambridge.

It is reported that in 1905, “A wave of Fabian socialism was soon sweeping over the new undergraduates, and politics, not psychological literature, became the principal

topic of conversation among the intelligentsia. This new tide caught up many of Lytton's friends—including James, Maynard Keynes, and Brooke himself." (Lytton and James Strachey and Rupert Brooke. –ed.)<sup>(8)</sup> James Strachey was a life long member of the Fabian Society and Rupert Brooke, an intimate of Keynes, became the president of the Cambridge Fabian Society.<sup>(9)</sup> The teachings of Sydney and Beatrice Webb, as Fabian leaders, became the guide line for this group. In fact, every basic theme brought out by Keynes in later life can be traced to the economic and political principles taught by the Webbs many years before.

The chronology of John Maynard Keynes' association and activity with Fabian socialism is unbroken from 1904 until his death. In 1912 Keynes was reported as a member of "an astonishingly brilliant batch" of Cambridge Fabians.<sup>(10)</sup> Like his American Fabian colleagues, such as Felix Frankfurter, Walter Lippmann and Frederick P. Keppel, Keynes was a key expediter of conscientious objectors in England. Like his American counterparts, Keynes was also a government official while at the same time carrying out socialist defeatist policies. This covered the World War I period from 1914-1918.

In spite of his public record as a socialist, Keynes was appointed as an aid to Prime Minister David Lloyd George during the Paris peace talks with Germany in 1919. During this period he was asked by the Fabian socialists to head their London School of Economics.<sup>(11)</sup> As mentioned previously, Keynes quit the peace conference along with Walter Lippmann because their leftist proposals were not accepted.

At the end of 1919, Keynes wrote *The Economic Consequences of the Peace* of which a special edition was published bearing the imprint of the British Fabian Society. This special edition was distributed among socialists both in England and the United States. It was at this time that the Fabian socialists began to pass off Keynes as a "capitalist economist." At the same time the identical process was applied to Frankfurter and Lippmann in America.

However, Keynes privately was quite insistent that he was a red. During December 1917, Keynes wrote to his mother,

My Christmas thoughts are that a further prolongation of the war, with the turn things have taken, probably means the disappearance of the social order we have known hitherto. With some regrets I think I am on the whole not sorry. The abolition of the rich will be rather a comfort and serve them right anyhow. What frightens me more is the prospect of general impoverishment. In another year's time we shall have forfeited the claim we had staked out in the New World and in exchange this country will be mortgaged to America. Well, the only course open to me is to be bouyantly bolshevik; and as I lie in bed in the morning I reflect with a good deal of satisfaction that, because our rulers are as incompetent as they are mad and wicked, one particular era of a particular kind of a civilization is very nearly over.<sup>(12)</sup>

The following year Keynes reiterated to his mother about "being a Bolshevik." In September 1918 Keynes wrote confidentially,

My most amusing job just lately has been to invent a new currency for Russia. Dudley Ward and I have been spending a great deal of time on the details, as we have had to design the notes, get them printed, choose the personnel, answer conundrums and do the whole thing from top to toe. We hope to have the plan launched on the world in two or three weeks' time.<sup>(13)</sup>

The plan to refashion Keynes as a capitalist authority who would play the role of 'admitting' the dastardly deeds of his 'class' was not confined to the socialists in

England. The Bolsheviks pursued the same line. In 1919 Nicolai Lenin issued a wildly enthusiastic panegyric on Keynes book, *The Economic Consequences of the Peace*. He declared, "Nowhere has the Versailles Treaty been described so well as in the book by Keynes."<sup>(14)</sup> The fat was in the fire and Keynes' pro-bolshevism was in danger of being publicly established. Keynes as a covert leftist partisan posing as a defender of capitalism was in jeopardy.

Lenin later manipulated one of his adroit propaganda side-steps by quoting Keynes and utilizing his material and at the same time damning him as, "a ruthless opponent of Bolshevism." This saved Keynes for the role as an anti-bolshevik figure among influential circles in Great Britain. It was a brilliant deception and indicated a skillful close-order drill in left-wing political cover-up. Lenin, of course, was well apprised of Keynes bolshevik sympathies. The red cells at Cambridge University were in close contact with the Fabians and a full dossier on Keynes was available to the Soviet leaders.

Lenin managed to exploit Keynes' leftist slant in the Fabian Society's edition of the *Economic Consequences* and at the same time sufficiently damn him so as to safeguard his role as a 'plant' in conservative economic circles.

Lenin formalized this Keynesian posture at the Second Congress of the Communist International addressing red delegates from every country in the world on July 19, 1920 with the declaration; "I will quote another economic source which assumes particularly great significance, the British diplomat Keynes, the author of *The Economic Consequences of the Peace*, who on the instructions of his government, took part in the Versailles peace negotiations, watched them directly from the purely bourgeois point of view, studied the subject step by step, and took part in the conference as an economist. He arrived at conclusions which are stronger, more striking and more instructive than any a Communist revolutionary could advance, because they are conclusions drawn by an acknowledged bourgeois, a ruthless opponent of Bolshevism, which he, like an English philistine, pictures to himself in a monstrous, savage and brutal form. Keynes arrived at the conclusion that Europe and the whole world, with the Versailles Peace, is heading for bankruptcy. Keynes resigned; he threw his book in the face of the government and said: 'You are committing acts of madness.' "<sup>(15)</sup>

In this case when Lenin engaged in name calling he obviously furnished Keynes with political defenses that could be employed to further infiltrate the more respectable British institutions. This was and is a common Bolshevik device to cover their 'respectable' agents.

This "ruthless opponent of Bolshevism" was allowed to move freely throughout the Soviet Union in 1925 and again in 1928 with his Russian born wife. If Lenin's accusation had any serious intent then Keynes and his wife would have naturally been barred at the red frontier. Otherwise they would have been shot since these were the years of the Red Terror where even menshevik socialists were being executed by the thousands.<sup>(16)</sup> Keynes had to be a pro-bolshevik in order to receive these special privileges. Keynes was not the only one since thousands of so-called reform socialists were flitting in and out of communist organizations at that time. In the United States the Fabians even applied to the Russian Bolsheviks for admission into the Communist International, with headquarters in Moscow.<sup>(17)</sup>

In 1926 Keynes emphasized his pro-bolshevik position by writing that he was on the "extreme left" as compared to Sidney Webb the head of the Fabian socialists in Britain.<sup>(18)</sup> Keynes' subsequent organization of the International Monetary Fund in cooperation with Soviet representatives and American Soviet spies (1945-46)

demonstrates his continuing Soviet associations even towards the end of his life.

Keynes' sociological and economic devices are applicable to the entire dictatorial spectrum. In 1928 on his way back from the Soviet Union Keynes had a long conference with the German economist Hjalmar Schacht. Keynes reported that he and Schacht agreed on Keynesian policies. Thirty-four months later Schacht joined hands with Hitler and utilized Keynesian methods to socialize the German nation for a war economy. When World War II began Keynes declared, "that Britain would have to employ all of the weapons of Dr. Schacht."<sup>(19)</sup> Later Keynes reiterated that, "the various recipes devised by Dr. Schacht for Germany would have to be applied by Britain. . . ."<sup>(20)</sup> The Fabian socialists pondered over the Keynesian nature of Hitlerian economics. As mentioned before, Mussolini saw in Keynes projections the basic economic weapons with which to shore up his Fascist System. Earl Browder while still National Secretary of the Communist Party of the United States also realized that Keynes furnished the perfect battering ram with which to topple the system of free enterprise thereby laying the groundwork for an American Soviet system. Hitler, Mussolini and the communists all found Keynesian formulas equally acceptable as a means of expediting totalitarian rule.

The British Fabian socialists analyzed this controlled state potential and passed the lesson on to their followers. John Strachey a top Fabian (and a former communist) and a cabinet member in the Labor government, (Fabian socialist) explained the Keynesian lesson in Hitler's economic successes as follows:

By what black magic, as it seemed to most contemporary observers, had the thing been done? As a matter of fact, the Nazis had merely applied, albeit with whole-hearted vigour, measures for the restoration of full employment which now have become commonplace of almost all informed economic and political discussion. They had simply applied those obvious remedies of 're-flation' which follow naturally from Keynes' critique of the loss of inherent stability in latter-day capitalism.<sup>(21)</sup>

With the Fabian admission that Nazism was a socialistic form of rule we have the callous observation that Hitler made things work. The fact that this was made to function by planned human sacrifice of millions of humans and massive expropriations of private property is overlooked with coldly clinical detachment by the Fabian mind.

One of the most puzzling paradoxes is the insistent claim by almost all leftists that Keynes was a 'capitalist economist.' Since the original leftist projection in 1920 (after Keynes' publication of *The Economic Consequences of the Peace*) of Keynes as a follower of classical economics there has been a concerted campaign to present him as the ultimate in scientific detachment.

The follow-up tactic was to pose Keynes' pronouncements as 'confessions' of wrong-doing from inside the 'capitalist camp.' This political duplexity and improvised make-believe has beguiled an unbelievable number of bankers, manufacturers and key political figures. The tactic of political impersonation coupled with the utmost contempt for those who have been seduced has been reflected in the United States through such Fabians as John K. Galbraith, Seymour Harris and Arthur Schlesinger, Jr.

Extraordinary efforts have been made to deny Keynes' connections with Fabian socialism. There has been an almost hysterical chant insisting that Keynes was anti-socialist and anti-bolshevik. Actually Keynes periodic surfacing as a pro-Soviet partisan is much more recognizable than the records of such notorious Soviet agents as Alger Hiss and Harry Dexter White.

Keynes' tie-in with Fabian socialism is so extensive that it is difficult to compress the

record within the confines of a few pages. Even a thousand page book would not exhaust Keynes' Fabian trail. A few high points will serve to dramatize the depth and extent of Keynes' Fabian immersion. In 1925 in an article entitled "The Future" Keynes declared rapturously, "What a debt every intelligent being owes to Bernard Shaw!" This statement was repeated by Keynes in 1932.(22) Shaw along with the Webbs was the high priest of Fabianism in both Britain and the United States. About that time Shaw had just completed his *Intelligent Woman's Guide to Socialism* laying down the rules for future socialism wherein all dissidents would be killed mercifully. Keynes retained political intimacy covering the entire period when Shaw became in turn an advocate of Mussolini's fascism, Hitler's nazism and Stalin's bloody rule.

In the 1920's Keynes set the pattern for devious Fabian permeations. As noted previously Margaret Cole a high Fabian executive, blamed Keynes for leading the younger socialists into the dishonest use of statistics in putting across Fabian propaganda.(23)

Exploiting the political naivete of Americans both Walter Lippmann and Felix Frankfurter in 1919 served as Fabian socialist midwives in the birth of Keynesianism in this country. In that year Frankfurter brought over the manuscript of Keynes' *Economic Consequences of the Peace* from England to be published here. In the 1930's Lippmann and Frankfurter again expedited Keynes' writings.

In 1933 Frankfurter was ensconced as a lecturer in Oxford University. Fellow Fabian socialist Arthur Schlesinger, Jr. reports that, "Later in the Autumn Keynes had talks with Frankfurter, who was then at Oxford; and in December Frankfurter forwarded to Roosevelt an advance copy of an open letter to the President scheduled for publication in the *New York Times* at the end of the year."(24) Thus the New Deal coterie of Fabians arranged a preplanned 'spontaneous' open letter that was made to appear as an expression from an independently minded English economist. In the meantime F.D.R. had the copy in his hand well in advance of the *N.Y. Times* publication date. The *Times* was privy to this unprincipled scheme to fool the American people and has been in the forefront selling Fabian socialism, writ 'Keynesian' ever since.

When American Fabian socialists within the New Deal found need to organize another 'spontaneous' point of pressure the deception was pulled off again. Schlesinger boasted that when Keynes visited the United States in 1934, "Keynes found others in Washington more receptive. Steered around by Tugwell, he met a number of younger men and told them to spend—a monthly deficit of only \$200 million, he said, would send the nation back to the bottom of the depression, but \$300 million would hold it even and \$400 million would bring recovery. A few days later he sent Roosevelt the draft of another *New York Times* article entitled 'agenda for the President.'"(25) The sequence of multi-layered trickery was carried off with the dispatch of a smooth confidence game. First Keynes conspired with Fabians in Washington to establish policy pressures from within the administrative bureaucracy. This was done behind F.D.R.'s back. Next he conspired with the president to plant a so-called independent article. F.D. Roosevelt went over this material with Keynes beforehand. Next Keynes arranged with the leftists in the *New York Times* to put over this piece of manufactured news onto the public as an exclusive feature. In this intricate maneuver everyone was deceived in some measure, except the Fabian socialist center.

The intertwining deceptions became a habituated reflex among Fabian schemers. Their success in duping those in high finance to serve leftist purposes is phenomenal. They developed psychological skills especially tailored to get the pompous and opportunistic collectors of fame and glory to dance to the leftist tune. These clever intriguers became highly skilled in the black art of planting ideas in the minds of those

self-admiring egocentrics who occupy positions of influence. The diaries and private letters of the founders of Fabian socialism are filled with self-congratulatory gloatings over how the selfish and power-hungry in high places, are seduced into carrying out Fabian policies under the illusion that these are their own independently thought out concepts.(26)

Marriner Eccles, chairman of the Federal Reserve Board under F.D.R. and an official of the vital National Advisory Council on International Monetary and Financial Problems under President Truman is a classic example of a Fabian manipulated policy maker. Eccles was duped into thinking that his Keynesian Economic projections were the product of his own brain. While his autobiography is full of barbs as to the lack of intelligence among the banking and industrial community, his own involvement shows an amazing degree of obtuseness. Eccles was so anxious to show up his own peers that he fell under the spell of the same dupery that he practiced on those in the business world.

Eccles was a Western banker who inherited a tremendous fortune and managed to control a massive interlocking complex consisting of banks, real estate, utilities, minerals and industries. In the early 1930's the word passed among the Fabian socialist ideologues in the University of Utah that Eccles was ripe for a Trojan horse role while dressed in the garb of 'international banker.' A reading of his autobiography clearly shows that he was impelled by continuous pressures and brain washing applied by Fabian socialists who 'just happened' to wander into the Utah territory. The deliberate scheme to set Eccles up as sort of an economic 'Judas bull' and fashioned to bludgeon his fellow capitalists into Keynesian paths, is a raw example of a time worn strategem that had been tried out on wealthy dupes in England many times before. One could list a dozen examples of other so-called American business representatives of that time, who carried the Fabian package in the shelter of their personal copyright. They sounded and acted as if they were all shaped by the same cookie cutter. Keynesianism was the new name brand for the old Fabian recipe.

The record shows that Eccles was bounced along between such Fabian socialists as Adolph Berle, Isidore Lubin, Paul H. Douglas and Leon Henderson. Included in this pressure group was Lauchlin Currie who later fled the country when faced with the charge of being a Soviet spy.(28) However, the chief convincer was Stuart Chase who sold Eccles on the theories of John M. Keynes in 1933.

Chase was the crafty manipulator who just a few months before issued a book advocating a reign of terror against capitalists via firing squads. Chase's book, incidentally, was published by the presumably staid Macmillan Company. The first sentence of the book declares, "John Maynard Keynes tells us that in one hundred years there will be no economic problem," and the last sentence proclaims, "Why should Russians have all the fun of remaking a world?"(29) It became must reading among New Dealers who enthusiastically embraced the title of the book as their own name.

Chase pulled Eccles along by his ego and ensconced him in Washington among the Fabian wolf pack using him as front runner for socialistic utterances. Thus Fabianism had another of its perfect Trojan Horses effectively disguising its leftist motives. In recent years Stuart Chase has sunk his roots in the Rockefeller controlled giant, Standard Oil of New Jersey. Ensconced as policy maker Chase has pulled the strings that stimulate the Rockefeller political reflexes.

Stuart Chase listed the sixteen categories of capitalists slated to be killed after the Fabian take over. Five of the sixteen proscriptions fit Mr. Eccles performances in the investment field. They were: 1. Loaning of money at high interest rates to small

borrowers. 2. Speculating in securities. 3. Speculating in land and natural resources. 4. Speculating in commodities. 5. Promoting of products through high pressure advertising gimmicks.

On the basis of the above Mr. Eccles would be a candidate for execution at least five times under Stuart Chase's socialist ground rules.<sup>(30)</sup> Since Stuart Chase in recent years attached himself to the Rockefeller financial complex it is interesting to note that they qualify for at least ten of the categories that invite the firing squad. Thus many of the very wealthy seem to be almost morbidly attracted to those who intend to destroy them. It makes an interesting study in human incongruity.

We are all familiar with the victims of communist or nazi butchery who were forced to dig their own graves. In the case of Eccles and others of his ilk they rush to embrace their own potential executioners. Through people such as Eccles the Fabians were able to get a strangle hold on the Federal Reserve system and were able to siphon off billions of American dollars onto foreign soil. The siren song of Keynesianism has been the catalyst binding the willing dupes to the hard core socialist schemers.

Keynes' card-carrying record as a Fabian socialist is clear and unmistakable. This fact alone is remarkable because the usual procedure by the Fabian leadership is to disguise their prominent political operatives under non-socialist and even anti-socialist colors. In England the knowledge of Keynes Fabian connection has long been an accepted fact. It is only in the United States that the Fabians have been able to successfully cast Keynes in the role of an independent non-socialist.

For many years editions of the *Fabian News* bore announcements of Keynes' lectures at Fabian socialist functions. Although Keynes found permanent sanctuary within the British Liberal Party his real influence was within the Fabian dominated Labour Party. A prominent Fabian leader admitted that, "J.M. Keynes' theories were far more powerful inside it (Labour Party) than elsewhere."<sup>(31)</sup> And John Strachey, veteran Fabian within the Labour Party, in commenting about the second Labour Government of 1929 admitted, "We young people in the Labour Movement were in touch with him (Keynes) and we were convinced that whether he was right or wrong, an attempt to combat unemployment with some sort of Keynesian lines was the one hope for the Government."<sup>(32)</sup>

Keynes was admittedly an associate member of the influential New Fabian Research Bureau which was wildly pro-Soviet.<sup>(33)</sup> During the early 1950's the Home Research Secretary of the Fabian Society openly admitted that J.M. Keynes was a Fabian.<sup>(34)</sup>

In 1935 Sidney and Beatrice Webb had published a two volume work ghosted for them by the Soviet Foreign Office and were fully immersed in glorifying the Soviet Union. At that time Keynes visited them and complained that his *General Theory* wasn't selling well. Soon the Fabian juggernaut began to pass the word through in Britain and the United States. The intercession on the part of his fellow Fabians worked like magic for Keynes. Soon his *General Theory* became a best seller and the campaign was on to peddle the socialist line via the Keynesian label. Thus the question whether Keynes was a Fabian can be coupled with the question was Stalin a Bolshevik? Some observers ask the question in compound form;— Was Keynes a pro-Bolshevik Fabian?

The defense will immediately greet our thesis with the declaration that Keynes' moral conduct has nothing to do with the validity of his teaching and advocacy. The left-wing continually claims scientific objectivity and impartiality for its minions regardless of their ideological faith or their depraved conduct.

One could conceivably concede that an individual with an addiction to something

odious could advocate something of merit if he would recognize to himself that his problem was indeed a perversion and a threat to society. However, Keynes and his entire circle operated in the firm belief that their depravities were superior to the accepted norm of morality. Sexual molestation of children was adorned with a philosophic justification that denounced heterosexual society as stupid and tradition bound. Underscoring this animalistic nest of perversion, and drugs, was a general leftist belief in socialism.

Already the *New York Times* has sent out journalistic feelers that perhaps it is time to abandon Keynes as a symbol of the Fabian process.<sup>(35)</sup> However, their fear of public arousal due to the scandalous disclosures in the Strachey-Keynes letters has proven to be groundless. The American public has been apathetic and even indifferent to (the fact that the main economic theory governing our society was conceived in a mind depraved through sexual perversion. It is our contention that Keynes is no more qualified to furnish a healthy economic theory than a gangster chieftain would be to furnish the guidelines in the pursuance of criminology.

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**1** Karl Marx, *Communist Manifesto*, Introduction by Harold Laski, Chairman of the Executive Committee of the Fabian Society. Foreword by the Labour Party. Allen and Unwin, London, 1961, pp. 144-45. (An earlier version with an introduction by Laski was published by the Fabian Society in Great Britain in 1921. In 1933 the League for Industrial Democracy—The American Fabians—republished the British edition with an introduction by Norman Thomas which stated at the outset:

The Modern, world wide Socialist movement has antecedents far back in history, but in its present scientific formulation it began with the appearance of the Communist Manifesto in 1848.

Later Thomas proclaimed,

It is only the very greatest of the leaders of the historic religions of mankind who can vie with Karl Marx in the hold their names have over the affection—yes, the reverence of men.

In concluding Norman Thomas in speaking of the *Communist Manifesto*, declared:

It still remains, however, as a charter of a great working class struggle for its own emancipation and the achievement of the classless society.

It is important to note that both Laski and Thomas were also avid supporters of the so-called non-socialist theories of J.M. Keynes.

**2** *Ibid.*, p. 145.

**3** *Ibid.* (Contrary to common opinion the income tax is an ancient device used from time immemorial to extract wealth and to control populations, particularly by despotic systems.)

**4** John Neville Keynes, *Scope and Method of Political Economy*, Macmillan, London, 1891, p. 69

**5** *Ibid.*, pp. 76, 78, 81.

**6** Sidgwick was referred to in the Fabian socialist *Encyclopedia of Social Reform* as supporting the “views of the men sometimes called Socialists of the Chair. . . .” (p. 1238). Marshall’s socialism will be dealt with in further detail in the next chapter.

**7** *American Fabian*, Dec. 1895, pp. 13, 16.

**8** Holroyd, *Lytton Strachey*, Vol. 1, p. 250.

**9** *Ibid.*

Beatrice Webb, *Our Partnership*, Longman’s Green and Co., London, 1948.

“James B. Strachey, the psychoanalyst, brother of Lytton Strachey. As an undergraduate of Trinity College joined the Cambridge University Fabian Society in 1908.” p. 526.

**10** Anne Fremantle, *This Little Band of Prophets*, Mentor, p. 230.

- 11** Harrod, *Life of Keynes*, p. 249.
- 12** Harrod, *Life of Keynes*, p. 224.
- 13** *Ibid.*, p. 227.
- 14** V.I. Lenin, *Selected Works*, Moscow, U.S.S.R. Vol. VIII, p. 289.
- 15** V.I. Lenin, *Selected Works*, Vol. X, p. 184.
- 16** Robert Conquest, *The Great Terror*, Macmillan, N.Y. 1968, p. 298. “To have anything to do with foreigners was one almost certain road to arrest.”
- 17** In 1920 top Fabian socialists in the United States declared for the Communist International with headquarters in Moscow. (See *State of New York Proceedings of the Judiciary Committee of the Assembly*, Legislative Document No. 35, Volume II, pp. 1352-53.)
- 18** A speech by Keynes before the Manchester Reform Club on Feb. 9, 1926. (See *Essays in Persuasion*, p. 341)
- 19** Harrod, *J.M. Keynes*, p. 513.
- 20** *Ibid.*, p. 525.
- 21** John Strachey, *The Strangled Cry*, William Sloane Associates, 1962, New York, pp. 241-42.
- 22** *Essays in Persuasion*, p. 357.
- 23** Margaret Cole, *Growing Up Into Revolution*, p. 90.
- 24** Arthur M. Schlesinger, Jr., *The Politics of Upheaval*, Houghton Mifflin, Boston, 1960, p. 404.
- 25** *Ibid.*, pp. 406-07.
- 26** See Beatrice Webb, *Our Partnership*, *Bernard Shaw Collected Letters*, *Autobiography of Bertrand Russell*, Harrod, *Life of Keynes* and Holroyd, *Lytton Strachey*, (2 Vols.).
- 28** *Ibid.*, pp. 85, 87, 304.
- Burnham, *Web of Subversion*, pp. 162-69.
- 29** Stuart Chase, *A New Deal*, pp. 1,252.
- 30** *Ibid.*, pp. 6-19. (Chase reduces the sixteen ‘capitalist crimes’ to five “basic patterns.” The five categories would entirely cover both Eccles and the Rockefellers. On that basis there would be no hope for either in the projected socialism to come.)
- 31** Raymond Postgate, *The Life of George Lansbury*, p. 262.
- 32** John Strachey, *The Strangled Cry*, p. 186.
- 33** Margaret Cole, *The Story of Fabian Socialism*, pp. 228-235.
- 34** Sister M. Margaret Patricia McCarram, Ph.D., *Fabianism in the Political Life of Britain, 1919-1931*, p. 569.
- 35** “Is Keynes Defunct?” *New York Times*, November 6, 1968.

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## Chapter XI – A. MARSHALL AND J. SCHUMPETER: WERE THEY SOCIALISTS?



# KEYNES AT HARVARD

## *Economic Deception as a Political Credo*

BY

Z Y G M U N D D O B B S

*A Veritas Study*

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## XI

### — A. MARSHALL AND J. SCHUMPETER — WERE THEY SOCIALISTS?

When *Keynes at Harvard* was first published it was attacked by a group of economists because Alfred Marshall, the late British economist and Joseph Schumpeter, the Austrian economist, were mentioned as socialists. Soon it became apparent that this was an oblique attack motivated by other considerations. Most of the criticisms came from within the Economists National Committee on Monetary Policy. Since we were in touch with Professor Olin Glen Saxon, a member of the N.C.M.P., we were able to trace the Furies from the front row, so to speak.

In a conference at Yale University Professor Saxon observed that most of the criticism was motivated by envy and jealousy over the fact that this was the first factual exposure of the socialist bias underlying Keynes' theories. He pointed out that alleged conservative economists smarting under the embarrassment of wrestling with the Keynesian web, "strained at a gnat, and swallowed a camel."

Strenuous efforts were made by these 'conservative' economists to uncover the "professors" who were the architects of *Keynes at Harvard*. Confidential information passed through the academic underworld that no less than five apostate economists were the compilers of the book. Now the humiliating knowledge that the book was researched and written without imposing academic credentials. Professor Saxon vetted the book after it was set in page proof, only making a few last minute suggestions. He fully agreed that both Marshall and Schumpeter were socialists to the bone. He knew Schumpeter intimately and was convinced that he was a socialist of the Fabian variety.

The main thrust of the attack on *Keynes at Harvard* was led by an economist who is well known for his support of the negative income tax. He is less well known for his

former leftist associations. His campaign was largely undercover with unsigned mimeographed criticisms circulated among economists and sociologists. His *tour de force* was that Marshall and Schumpeter were really champions of private enterprise and that any allusion to their leftism was a libel.

The leftist record of Alfred Marshall is loud and clear. We have no less an authority than Schumpeter for this. At the age of twenty-three (1906) Schumpeter went to England and became a member of Marshall's circle. Years later he wrote that,

Marshall professed himself in sympathy with the aims of socialism and spoke without explanation and qualification of the 'evils of inequality'; also he was the first theorist to prove *theoretically* that laissez-faire, even with perfect competition and independently of those evils of inequality, did not assure a maximum of welfare to society as a whole; and he favored high taxation more than is compatible with simon-pure liberalism.(1)

Schumpeter pointed out that, "Marshall was largely in sympathy with the aims of the Fabians (as they were at that time); the difference was primarily one of scientific method." (2) The resentment of certain socialist economists against Marshall is explained by Schumpeter as follows: "Marshall professed to be in sympathy with the ultimate aims of socialism, though he expressed himself in so patronizing a way as to evoke nothing but irritation." (3) In 1947 Clement Atlee, a leader of the Fabian socialists, set his imprimatur onto a book that declared, "Marshall's 'broad proposition' is the main essential of the socialist case plainly stated." (4)

The most positive evidence of Marshall's socialism is contained in a declaration by Sydney Webb at the turn of the century who observed, ". . .we learn that Prof. Marshall (Professor of Political Economy at Cambridge) has at various times declared himself a Socialist; and when we find Prof. Sidgwick (Professor of Moral Philosophy at the same University) contributing an article to the *Contemporary Review* to prove that the main principles of Socialism are a plain deduction from accepted economic doctrines." (5) Marshall and Sidgwick have been mentioned earlier as cooperators with Keynes' father in writing an economic text-book, at the turn of the century. Marshall in his old age, in turn, arranged with the elder Keynes to have his son John Maynard, pick up the scepter of Fabian economic leadership for the coming generation. (6)

In 1906, at the age of twenty-three, Joseph Schumpeter received the degree of Doctor of Law from the University of Vienna. A son of aristocratic parents he was sent to attend lectures at the Fabian socialist London School of Economics in London England. There he attended lectures given by Sidney Webb, head of the Fabian Society. He also attended seminars given by Alfred Marshall. He received a thorough grounding in Fabian socialism to which he remained attached for the rest of his life. (7) He fought for a Fabian policy of disguised socialism among Austrian socialists for many years. In two articles aimed at his socialist comrades he pointed out, "the enormous superiority of the British system, (Fabian socialism) with its dignified, well mannered, evolutionary way of doing things, as compared with the revolutionary, dogmatic methods of continental socialism always marred by bad manners and demagoguery." (8) In these same articles he heralded the disguised socialism of the United States as a model for Germanic socialism.

The British Fabians taught Schumpeter that he could enormously aid the march towards socialism by pretending not to be a socialist. In fact, the Fabian Society has purged a number of its branches who refused to drop the word "socialism" from their club names. The basic posture was always to pretend before the public that they were not socialist. Schumpeter's counselor, Sidney Webb, in speaking of the Fabian clubs explained, "A steady stream of persons influenced by socialist doctrines passes into them, but after a time most of these cease to attend meetings, the subjects of which

have become familiar” and also that, “These persons are not lost to the movement: they retain their socialist tone of thought and give effect to it. . . .” Webb further observed, “they often cease to belong to any distinct socialist organization. . . .”(9) Schumpeter assumed the role of objective independence to cover his Fabian socialism. He maintained this pose until his death 44 years later. The only places where he could not successfully carry off this disguise was in Austria and Germany where he was closely identified with Marxist elements.

Beginning with 1906 Schumpeter belonged to a group in Austria that spawned the future leaders of the socialist movement in that country. He immersed himself in Marxist dogma along with such socialists as Otto Bauer, later leader of the Austrian socialist movement and foreign minister in 1919; Rudolf Hilferding who twice became the socialist Minister of Finance of the German Republic after World War I; and Emil Lederer who followed Schumpeter to the United States and became the founder of the Fabian socialist Graduate Faculty of the New School for Social Research in New York City in 1934.(10)

In 1918 Schumpeter became a consultant of the Socialization Commission in Berlin at the recommendation of Hilferding, Lederer and Karl Kautsky, (Kautsky knew Karl Marx and Frederick Engels and was the marxists’ heir apparent in the international socialist movement.)(11) In 1919 socialist Otto Bauer was made Secretary for Foreign Affairs in the new Austrian government. Bauer and his socialist comrades immediately installed Schumpeter as Minister of Finance.(12) The new government was composed of a coalition of marxist socialists and the Catholic, Christian-Social Party. Adolf Hitler gave this group of Christian socialists credit for drawing him into National Socialism via the anti-Semitic route.(13) (During World War II Schumpeter was criticized by his Harvard colleagues for being sympathetic to the Nazi cause and for belittling the accounts of Hitlerian atrocities.)(14) In fact the Christian Social Party came to Schumpeter’s defence when he was accused of mishandling Austrian finances.(15)

Among Germans there has been little doubt that Schumpeter was a socialist. They remember that in 1918 Schumpeter wrote a pamphlet designed to placate the ‘direct actionists’ in the socialist movement. Schumpeter informed his more impatient comrades that, “The hour of socialist will come.” He explained to them, “I do not want to extoll the free enterprise economy as the last word of wisdom.” However, he pointed that the private enterprise system had to be tolerated for a time being since its dynamism was necessary to rebuild Germany and Austria after the damage done to their economy because of World War I.(16)

Schumpeter came to the United States from England already possessing a carefully constructed, triple-distilled cover, of non-socialist impartiality. This gave him an immense maneuvering advantage among naive American academics. Left-wingers at no time tolerate those who claim they are neutral in the field of economics. In the case of Schumpeter the leftists at Harvard soon found a nesting place. Paul Sweezy, publicly known as a pro-Soviet marxist, became Schumpeter’s collaborator in many money making and propagandistic enterprises. Schumpeter, an old sophisticated leftist could not be categorized as an innocent among marxist colonizers. Sweezy eventually became Schumpeter’s literary executor.

American apologists have been hard put to explain why the German editors of Schumpeter’s major work stated categorically that, “Schumpeter is a socialist.”(17) This occurred during Schumpeter’s life time. He did not deny it. Nevertheless, after his death those who wished to maintain the fiction of Schumpeter’s conservatism insisted that his German compatriots were mistaken.

In England Schumpeter's writings have been repeatedly listed as approved works in Fabian socialist publications.<sup>(18)</sup> Private letters of Harold Laski, the former head of Fabian socialism show that Schumpeter closeted himself with the Fabian high command before leaving for permanent residence in the United States.<sup>(19)</sup> Actually, Schumpeter's socialist background is even more provable than that of J.M. Keynes.

All that we can do is to present the facts. We feel that we have done our duty. The next step is up to an informed and vigilant American people, in general, and in particular to the college communities, beginning with Harvard.

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**1** Joseph Schumpeter, *History of Economic Analysis*, p. 765.

**2** *Ibid.*, p. 883.

**3** *Ibid.*, p. 889.

**4** Douglas Jay, *The Socialist Case*, Faber and Faber, London, 1947, p. 276.

**5** W.P.D. Bliss, *A Handbook of Socialism*, Swan Sonnenschein & Co., London and Charles Scribner's, New York, 1895, p. 177.

**6** Harrod, *Life of Keynes*, pp. 107, 117.

**7** Schumpeter, *History of Economic Analysis*, pp. 833, 889.

**8** Gottfried Haberler, "Joseph Alois Schumpeter," *Quarterly Journal of Economics*, August 1950, p. 353.

Joseph Schumpeter, "Der Sozialismus in England und bei uns," *der osterreichische Volkswirt*, December 13, and 20, 1924.

**9** Sidney Webb, *Socialism In England*, 1889, pp. 20-21.

**10** Haberler, *Quarterly Journal of Economics*, Aug. 1950, p. 337.

**11** Arthur Smithies, *Schumpeter—Social Scientist*, p. 13.

**12** Haberler, *Quarterly Journal*, 337.

**13** Adolf Hitler, *Mein Kampf*, pp. 71-72, 124-129, 158, 227, 262. Also see Ernst Nolte, *Three Faces of Fascism*, Holt, Rinehart and Winston, New York, 1965, p. 298.

**14** Haberler, *Schumpeter—Social Scientist*, p. 38.

**15** *Ibid.*, p. 35.

**16** *Die Krise des Steurstaats*, quoted in Haberler, *Quarterly Journal of Economics*, August 1950, p. 345n, 349. (Schumpeter explained to his fellow socialists that, "The hour that is, belongs to free enterprise. Only at the price of heavy sacrifice even for the working class could the free enterprise system be given up at this time.")

**17** Edgar Salin, in the preface to *Kapitalismus, Sozialismus and Democratic*, by Joseph Schumpeter, Bern, A. Francke, 1946, p. 8.

**18** Sister M. Margaret Patricia McCarran, Unpublished manuscript on "Fabian Socialism in the United States," p. 779.

**19** *Holmes-Laski Letters, 1916-35*, Harvard University Press, Cambridge, 1953, vol. 2, p. 1057.

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[Addendum – SUGAR KEYNES: Mr. Nixon says he is a Keynesian.  
What sort of creature has he embraced?](#)



From *The Review Of The NEWS*, June 23, 1971.  
Condensed from *American Opinion*.

## SUGAR KEYNES

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Mr. Nixon says he is a Keynesian.  
What sort of creature has he  
embraced?

by Zygmund Dobbs

SINGING the *Red Flag*, the highborn sons of the British upper-class lay on the carpeted floor spinning out socialist schemes in homosexual intermission. Sometimes, one of the participants would shout out an obscenity —then, as if on signal, the entire group would join in a frenzied babble of profanity. Here and there individuals would smoke or chew hashish. Most had unkempt long hair, and some sported beards.



Lord Keynes, Baron of Tilton.

The attitude in such gatherings was anti-establishmentarian. To them the older generation was horribly out of date, even superfluous. The capitalist system was declared obsolete, and revolution was proclaimed as the only solution. Christianity was pronounced an enemy force, and the worst sort of depravities were eulogized as “that love which passes all Christian understanding.”

The year was 1904, and the participants were destined to become the intellectual and political leaders of the British Empire.

Chief of this ring of homosexual revolutionaries was John Maynard Keynes, who eventually became the economic architect of English socialism and gravedigger for the British Empire. The chief American Fabians, acting as carriers of the Keynesian sickness, were Felix Frankfurter and Walter Lippmann. Covertly, they mobilized their Leftist comrades to spread this pollution in America also. So successful were they that on January 4, 1971, President Richard Nixon announced: “**I am now a Keynesian in economics.**” What does that mean?

Keynes was characterized by his male sweetheart, Lytton Strachey, as “A liberal and a sodomite, an atheist and a statistician.” His particular depravity was the sexual abuse of little boys. In communications to his homosexual friends, Keynes advised that they go to Tunis, “where bed and boy were also not expensive.” As a sodomistic pedophile, he ranged throughout the Mediterranean area in search of boys for himself and his fellow socialists. Taking full advantage of the bitter poverty and abysmal ignorance in North Africa, the Middle East, and Italy, he purchased the bodies of

children prostituted for English shillings.\*

Such Leftist hypocrites then, as now, issued loud denunciations against poverty, imperialism, and capitalist immorality. However, for their own degenerate purposes, they eagerly sought out the worst pockets of destitution and backwardness to satisfy their perverted purposes through sexual enslavement of youngsters. While traveling in France and the United States they complained among themselves of the harassment by the police of practicing homosexuals. In degenerate areas of the Mediterranean, on the other hand, they found a pervert's Utopia where the bodies of children could be purchased as part of a cultured socialist's holiday.

These Leftist degenerates began to scheme over sixty years ago to secure public acceptance of their depravity. Havelock Ellis, a founder of the Fabian Society, compiled a massive erotic work entitled, *Studies In The Psychology Of Sex*. Ellis was a sexual pervert and drug user. He and a group of fellow Leftists even pioneered in the experimental use of hallucinogens in private orgies. Ellis was definitely a pathological case. He drove his wife into Lesbianism and drug addiction, securing additional erotic excitement by urging her to recite her Lesbian experiences. Mrs. Ellis eventually went insane and died in utmost misery after denouncing her husband as a sexual monster.

The Fabian socialists used the writings of Ellis as a wedge for sex education in the schools. They started in the colleges and gradually eased into the high school level. Ellis complained to his fellow socialists fifty-five years ago that he found wider acceptance for his books in the United States than he did in England. In fact, he was arrested and tried for obscenity in England, whereas his books were sold here without serious interference by the authorities. Today, his perversions are standard reference material for the sex educators, and Havelock Ellis is popularly called "the father of social psychology."

Keynes and his cohorts seized upon the works of Ellis as justification for their depravities. They were also greatly bolstered in their campaign by the theories of an Austrian Leftist named Sigmund Freud. Dr. Freud acknowledged in private correspondence that he copied the thesis of sex as the central determinant in human action from Havelock Ellis. Echoing Ellis, he laid down the premise that homosexuality and carnal depravities are not a matter of abnormality, but merely a case of personal preference. This, plus his declaration of atheism, overjoyed the socialist Keynesian crowd. John Maynard Keynes audaciously proclaimed, "Sex Questions are about to enter the political arena." He inveighed against "the treatment of sexual offense and abnormalities," adding the charge that "the existing state of the Law and of orthodoxy is still Mediæval—altogether out of touch with civilized opinion and civilized practice and with what individuals, educated and uneducated alike, say to one another in private."

During the same period (1925) Keynes struck out against drug control. He laid down the line which has been pursued by Leftists to the present day in demanding that distribution of narcotics be unrestricted. Homosexuals find drugs a useful adjunct in loosening moral inhibitions to perversion. And this ravisher of little boys feigned sympathy for the masses by urging universal rights for users of narcotics. He declared: "How far is bored and suffering humanity to be allowed, from time to time, an escape, an excitement, a stimulus, a possibility of change?"

Keynes and his conspirators projected homosexuality and drug addiction as an intrinsic part of their collectivist society of the future. His male sweetheart, Lytton Strachey, wrote privately that they would corrupt the whole population, "subtly, through literature, into the bloodstream of the people, and in such a way that they accepted it all

naturally, if need be without at first realizing what it was to which they were agreeing.” He boasted that he intended “to seduce his readers to tolerance through laughter and sheer entertainment.” He pointed out that the object was “to write in a way that would contribute to an eventual change in our ethical and sexual *mores*—a change that couldn’t be done in a minute, but would unobtrusively permeate the more flexible minds of young people.” J.M. Keynes put it in the terms of Marxist economics:

When the accumulation of wealth is no longer of high social importance, there will be great changes in the code of morals. We shall be able to rid ourselves of many pseudo-moral principles which have hagridden us for two hundred years. . . .

Keynes and Strachey used their malignant writings to help contaminate the entire English-speaking world. In the United States they both found expression in the *New Republic*, the *New York Times*, and the *Saturday Review Of Literature*.

In 1939, a comrade of Keynes and Strachey named Bertrand Russell came to America to push their obscenitarian socialism and was (he says in his *Autobiography*) legally charged as “lecherous, libidinous, lustful, venerous, erotomaniac, aphrodisiac, irreverent, narrow-minded, untruthful, and bereft of moral fiber.” His aborted object had been to permeate the College of the City of New York with the corruption of the British Fabians. Immediately, John Dewey and other American Fabians organized to cry that “Academic Freedom” was under attack. The National Education Association and the whole Leftist educational complex began to percolate pervasive degeneracies as being “Liberal” and “progressive.”

The works of Keynes, Lytton Strachey, and Bertrand Russell have been, and are today, required reading in almost every college and university in the United States and Canada.

In the spring of 1905 Keynes and his lavender cohorts had been thrilled by a conference of Russian revolutionaries in London. British Fabians and Joseph Fels, an American soap manufacturer who was also a Fabian, had financed the Russian gathering and furnished them a hall in a Christian church. Key revolutionaries at this London conference included Nikolai Lenin, Leon Trotsky, and Joseph Stalin. The future slaughter of fifty million civilians, and the conquest of one-third of the earth’s surface, rested within the shelter of this gathering. Shivers of excitement rippled down the spines of the socialist homosexuals when they heard that Lenin had openly defended the slaughter of bank guards and stealing of bank funds for the bolshevik coffers. During this time Strachey wrote to one of his intimates: “At this moment Keynes is lying on a rug beside me.”

Keynes and his fellow debauchees became active pacifists and conscientious objectors during World War I. The socialist position against military service dovetailed perfectly with the homosexual aversion to any kind of physical danger and the manly requirements of military training. Yet, in spite of Keynes’ sheltering of “queer conchies,” and his own refusal to serve his country, he was made the head of an important division of the British Treasury. During March of 1917 he confided privately that he supported the bolshevik group among the Russian socialists after the overthrow of Czar Nicholas.

The seizure of power by the bolsheviks in November of 1917 elated Keynes and the rest of the Fabian coterie. At Leftist parties in London, Keynes and his fellow perverts celebrated by dressing in women’s clothes and performing lewd dances. He had as his consort an eighteen-year-old boy who was ensconced as his assistant in the Treasury Department.

Just before the Bolshevik Revolution, Keynes had made a hurried trip to the United States for the British Government. Here he had a chance to make contact with the American Fabians who were similarly entrenched, via the Frankfurter-Lippmann group, in key positions of the Wilson Administration.

Even the House of Morgan in New York City's financial district trotted out its sissies to welcome Keynes to this country, and gave him an office just for himself. The international grapevine had established the nature of his proclivities. The urbane air of Keynes sent thrills of excitement through the ranks of the financial "giggle gang."

Keynes' deviate socialist circle was almost completely pro-bolshevik. One month after the Revolution, J.M. Keynes wrote his mother:

Well, the only course open to me is to be buoyantly bolshevik; and as I lie in bed in the morning I reflect with a good deal of satisfaction that, because our rulers are as incompetent as they are mad and wicked, one particular era of a particular kind of civilization is very nearly over.

On February 22, 1918, Keynes proudly boasted of "being a bolshevik." Yet the British Government blindly sent Keynes to the Versailles peace talks. There he joined forces with his Fabian American comrade, Walter Lippmann, who was among those representing the equally blind U.S. Government. The ensuing pro-bolshevik and anti-American machinations were largely responsible not only for laying the basis for continuing Red victories, but also for setting off the chain of events that eventually brought Hitler to power.

In 1919 Keynes authored *The Economic Consequences Of The Peace*, which was promptly acclaimed from Moscow by Nikolai Lenin, himself. The Red dictator declared: "Nowhere has the Versailles treaty been described so well as in the book by Keynes." A special edition of *The Economic Consequences* was printed under the label of the Fabian Society, and Frankfurter and Lippmann brought the manuscript to the United States and arranged with Harcourt and Brace to publish it here. The volume became required reading among American socialists and Communists.

However, Keynes' value as a hidden Red was in danger. The Fabians had developed the posture of "respectability" to a fine art and the value of Keynes' book as an "impartial work" was in jeopardy. With Keynes' future usefulness in upper-class circles at stake, Lenin had personally come to the rescue. He pulled the classic Leftist double-twist, praising Keynes' book as a model for Communist revolutionaries and at the same time covering for Keynes by labelling him as "anti-bolshevik." Nikolai Lenin rose before the Second Congress of the Communist International and declared:

I will quote another economic source which assumes particularly great significance, the British diplomat Keynes, the author of *The Economic Consequences Of The Peace*, who on the instructions of his government, took part in the Versailles peace negotiations, watched them directly from the purely bourgeois point of view, studied the subject step by step, and took part in the conference as an economist. He arrived at conclusions which are stronger, more striking and more instructive than any a Communist revolutionary could advance, because they are conclusions drawn by an acknowledged bourgeois. . . .

Thus was launched the career of Fabian leader Keynes as a "non-Leftist" and "non-Communist."

In 1925, John Maynard Keynes was married. It was a bizarre performance. His best "man" was Duncan Grant, his male lover for many years, and intimates swear that

Keynes held Duncan's hand as the marriage vows were spoken. But, the background of the bride was equally odd. She was Lydia Lopokova, the premiere ballerina of the Diaghilev Ballet. She was an *habitué* of Leftist circles, and had at one time been engaged to Heywood Broun, the well known socialist and confidant of Leon Trotsky, but had broken the engagement to marry a dwarf named Barocchi. In 1917 Lydia had disappeared in Paris with the top Cossack general of the White Army, returning to the ballet when the general returned to lead his troops against the bolsheviks. The bolsheviks had by now, however, acquired advance information and used it to defeat the Cossacks.

Following the wedding to Comrade Lydia, Mr. and Mrs. Keynes were the special guests of the Soviet Government. He and his Russian wife were allowed free access to the Soviet hinterland, even to the extent of visiting her relatives. This was a privilege unheard of at the time, since even members of the Communist International were not then allowed such unlimited travel. It was a time of mass killing of civilians, and ordinarily a Russian national traveling with an Englishman would have been arrested and shot. But, Soviet officials were effusive in their thanks to Keynes for designing the first Soviet currency for them while he was still a member of the British Treasury.

The marriage was definitely an "arrangement," as Keynes continued to enjoy his amours with men. This was often the case with upper-class homosexuals who needed a legal wife as a facade. They both had separate living quarters, and did not interfere with the personal lives of one another. Lydia was very useful as a go-between since Keynes was in frequent contact with Soviet officials both in Britain and the United States.

Meanwhile, the perversion continued apace. It was quite a pace. As I have noted in the new edition of *Keynes At Harvard*:

Keynes had relations with Strachey; Strachey had affairs with Duncan Grant; Keynes stole Grant from Strachey; Lytton's brother James Strachey adored Rupert Brooks but so did Keynes; Strachey reports to G.E. Moore on seduction of new boys; Keynes steals Edgar Duckworth from Lytton; Keynes and Lytton agree that homosexuality is, "that love which passes all Christian understanding"; Strachey emulates Oscar Wilde with absinthe and drugs; He also declares that, "the whole truth is the Devil"; He predicts that in one hundred years, "everyone will be converted," to homosexuality; Strachey and Keynes promote obscenitarian talk in colleges; Lytton lives with Dora Carrington, a Lesbian; Carrington solicits homosexual partners for Lytton; Keynes, Lytton and Carrington have orgies involving Lesbian and sodomistic interchanges; Keynes and Strachey dress in women's clothes and dance; Keynes and Strachey give a sanctuary to homosexual objectors to military service thus frustrating the authorities; Keynes defends the use of drugs and Strachey smokes hashish; Carrington married several men so they could be Strachey's boy-friends; Lytton stole Sebastian Sprott from Keynes (the tables were turned); Lytton excuses his drug taking as a liberation from, "this wrong world." Finally, there are engrossments by Keynes and Strachey with sadistic beating of young boys, "compulsive preoccupation with male reproductive and excretory organs" and voyages to the most depraved dens of perversion throughout Europe, North Africa and Asia.

The Fabian homosexual circle was incredibly successful in gaining influence and control in a wide area of activity. They staked out the entire British Empire and the United States as well. Lytton Strachey wrote to Keynes:

Oh dear me!, when will my heaven be realized?—My Castle in Spain? Rooms, you know, for you, Duncan and Swithin, as fixtures—Woolf of course, too, if we can lure him from Ceylon; and several suites for guests. Can you conceive anything more supreme! I should write tragedies; you would revolutionize political economy, Swithin would compose French poetry, Duncan would paint our portraits in every conceivable

combination and permutation, and Woolf would criticize us and our works without remorse.

This projection was incredibly prophetic. J.M. Keynes became the mastermind behind the economic structure of British and American socialism. Strachey was responsible for writing books that undermined the Christian ethic of the Nineteenth Century and set the tone for the pornographic and depraved literature of today. Leonard Woolf worked out the details of the socialist drive for World Government. He was not only the architect of the League of Nations but outlined the structure of the United Nations.

Others of this perverted group of Keynesians have set the tone in art, music, education, and religion. Today, alas, even the President of the United States says: "I am now a Keynesian in economics." It is disgusting!

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\* See Lytton Strachey, *A Critical Biography*, Michael Holyroyd, Holt, Rinehart and Winston, two volumes.

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