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**THE  
FABIAN SOCIALIST CONTRIBUTION  
TO THE  
COMMUNIST ADVANCE**

**BY ERIC D. BUTLER**

... who, remembering that these (policies of high taxation and centralisation of credit) were the demands of the Manifesto (issued by Marx and Engels in 1848), can doubt our common inspiration."

—Professor Harold Laski, famous Fabian Socialist theoretician in his *Appreciation of the Communist Manifesto for the Labour Party* (1948).

An Australian League of Rights publication

## INTRODUCTION

This booklet is an expansion of a paper I gave at the 1963 Annual Seminar of The Australian League of Rights. The considerable interest in this paper clearly indicated that the subject matter of the paper should be dealt with more extensively. This booklet does not pretend to be an exhaustive examination of what is a vast and complex subject. But it does seek to provide sufficient evidence to demonstrate that so far from providing a defence against the Communist advance, the Fabian Socialist movement has materially aided and abetted that advance.

It is not suggested, however, that every person attracted to the Fabian Socialist movement is a conscious agent of the Communist conspiracy. Far from it. The truth is that many sincere and well-meaning people, concerned about the problems of society, and lacking any clear understanding of the values upon which western civilization has been erected, have been attracted towards the idea of extending State power, but have selected what has appeared to be the more moderate approach of the Fabian Socialists as distinct from the more openly revolutionary approach of the Marxist Socialists.

But once those balances in society which protect the individual against tyranny, are upset to a certain stage by the many legal techniques of concentrating power devised by the Fabians, Parliament itself could be used to bring the Communists to power. Khrushchev clearly had this in mind when in his historic report to the 20th Communist Congress in Moscow, February 14, 1956, he raised the question "*of whether is it possible to go over to socialism by using parliamentary means.*" This is a question which must concern all those who want to gain an understanding of all policies which today aid the world-wide forces of revolution. It is hoped that this booklet will make a contribution towards developing this understanding.

ERIC D. BUTLER.  
Melbourne, February, 1964.

## **The Fabian Socialist Contribution to the Communist Advance**

The great Lord Acton, famous for his observation that all power tends to corrupt, also made the penetrating statement that "Few discoveries are more irritating than those which expose the pedigree of ideas". The purpose of this study is to trace the pedigree and the development of the ideas which have produced the Fabian Socialist movement as one of the principal contributions to the mounting forces of a world-wide revolution threatening the basic foundations of Western and Christian civilization.

The very suggestion that the Fabian Socialist movement has played a vital role in furthering the Communist advance, still less has had any close connection with Communism, will naturally be regarded with great indignation by all those who have uncritically accepted the widespread view that the Fabians have been a "moderate" influence in politics and economics. And the very fact that the Fabians and other Socialist groups have been attacked by the Marxist-Leninists, is offered as sufficiently convincing evidence that so far from "moderate" Socialists assisting the Communist advance, they are in fact the only real barrier to Communism. But as one of the famous architects of the British Welfare State, Sir William Beveridge, said, his programme was one of going "half-way to Moscow". Beveridge was a leading Fabian. His description of Socialism is a realistic one; an admission that it is moving in the same direction as the Marxists, only not as fast, and, as many sincere Socialists believe, not as far.

### **Must Look Beyond Labels**

It cannot be stressed too often that those who are going to make an effective contribution to the struggle against the Communist challenge, must always look beyond political labels, propaganda, smokescreens, and mere verbal battles to the reality behind them. And what is the basic

reality shared by all brands of Socialists? They all believe in the centralisation of power; they all advance the idea that the power of Government should be increased.

Some Socialists — and many who call themselves anti-Socialists! — genuinely believe, of course, that it is possible to implement a policy of centralised control and centralised planning, and then successfully call a halt at a certain stage. They are like the girl who argued that just a little bit of pregnancy was all right! Unfortunately history has proved that once policies of centralised control are set in motion, they progressively gain momentum, and that as the momentum grows, the moderates responsible for the initial impetus either have to become more ruthless in order to attempt to deal with the results of the increased momentum, or they are pushed aside by those who have no scruples about being ruthless in the exercising of centralised power.

Every increase in the power of Government is at the expense of the individual, who, as he loses not only power to make decisions for himself, but also loses his sense of personal responsibility, tends to become more and more satisfied to depend upon the State. It is the undermining of the individual's belief in the basic principle of true freedom and the personal responsibility which goes with it, that has had such a deadly "softening up" effect on the peoples of the non-Communist world, and thus seriously lowered their resistance to the Communist challenge. The Fabian Socialists have not only made a major contribution towards this weakened resistance; they have provided a smoke-screen which has hidden the activities of both secret and known Communists. In a secret message sent from London to the Internationale in Geneva in 1870, Karl Marx said that the English would never make their own revolution, and that foreigners would have to make it for them. But there are not only violent revolutionary activities; there is such a thing as a silent revolution, the undermining of a nation and its institutions from within. This is what the Fabian Socialists set out to accomplish. Their policy

was one of influencing all other political groups by infiltration and permeation. This policy has been aptly described as one of **Sovietism by Stealth**.

The Fabian Society, which took its name from Fabius Cunctator, the Roman dictator who eventually defeated Hannibal as a result of a policy of gradualness, was launched in the winter of 1683-84 under the leadership of Professor Thomas Davidson, "an ethical Anarchist Communist". He was soon superseded by the Webbs and George Bernard Shaw, who played a dominant role in the Society for nearly half a century.

The policy of permeation soon started to bear fruit. Politicians of all parties were influenced. George Bernard Shaw has frankly described this policy: "Our propaganda is one of permeating — we urged our members to join the Liberal and Radical Associations in their district, or, if they preferred it, the Conservative Associations — we permeated the party organisations and pulled all the strings we could lay our hands on with the utmost adroitness and energy, and we succeeded so well that in 1888 we gained the solid advantage of a Progressive majority full of ideas that would never have come into their heads had not the Fabians put them there."

The essence of the Fabian's Soviet-by-Stealth programme was to exploit the natural tendency of all politicians, *irrespective of label*, to concentrate power. The Fabians set about influencing all politicians to support legislation which would so start centralising power that a process of delegation of power to a bureaucracy would become inevitable. Once the bureaucracy was empowered to make regulations and decrees having the force of law, responsible Parliamentary Government would be undermined, and the traditional Constitutional safeguards of the individual's rights destroyed.

In other words, the Fabians set out deliberately to pervert the Parliamentary system. One of the great figures of the Fabian Socialist movement, Professor Harold Laski, clearly outlined the Fabian technique in the Fabian

journal, *New Statesman*, September 10, 195. as follows: "The necessity and value of delegated legislation and its extension is inevitable if the process of socialisation is not to be wrecked by the normal methods of obstruction which existing parliamentary procedure sanctions." In his book, *Democracy in Crisis*, Laski said that the first task of a Socialist Government would be "to take vast powers and legislate under them by ordinance and decree."

It is significant that in recent times the Communists have admitted the possibilities of using the Parliamentary system to further their programme.

The Fabian technique of perverting the Parliamentary system to destroy responsible Government was warned against by the famous former Lord Chief Justice of England, Lord Hewart, in his great classic, *The New Despotism* (1929). Lord Hewart made the following serious charge: "A mass of evidence establishes the fact that there is in existence a persistent and well-contrived system, intending to produce, and in practice producing, a despotic power which at one and the same time places Government departments beyond the sovereignty of Parliament and beyond the jurisdiction of the Courts."

The "persistent and well-contrived system" has been expanded enormously since Lord Hewart wrote his book.

The second World War, which the Marxist-Leninists claimed was necessary to advance their revolutionary strategy for world conquest, not only resulted in a major expansion of the Communist Empire; it also gave the Fabian Socialists the opportunity of expanding bureaucracy in every part of the English-speaking world, including the U.S.A. This expansion of bureaucracy, which enables the Fabians and other planners to exercise growing power over all aspects of the life of the individual by holding key bureaucratic positions, also provides the Communists with a perfect cover for their contribution to the revolution.

The New Deal programme which President Roosevelt

set in motion in 1933, allegedly to deal with the Great Depression crisis, was in fact Fabian inspired, with influential Fabians on both sides of the Atlantic being directly involved in the programme. The New Deal required a tremendous expansion of bureaucracy. And this bureaucracy provided the perfect protection for large numbers of top Communist agents who progressively worked their way right into the very heart of the Roosevelt Administration, which from 1938 onwards was practically controlled by Communists.

It is important to note that while the greatest rate of expansion takes place when there is a Government openly committed to increased Government planning, the expansion of bureaucracy has also continued under professed anti-Socialist Governments. These Governments are also subject to the influences of the Fabians, particularly in the field of economic and financial policy. They must continue to move, however reluctantly, in the same direction as the Socialists until such time as they are prepared to implement economic and financial policies which are designed to place the full benefit of the free-enterprise and private ownership economy at the disposal of the individual. Such policies would require less Government and a substantial reduction in bureaucracy.

### Australian Experience

One of the most striking examples of a Government elected on a strong anti-Socialist policy, and subsequently continuing, although perhaps at a slower rate, the policies of those it displaced, has been provided by the Menzies Federal Australian Government, elected in December, 1949, mainly, but not exclusively, as a result of the reaction to the Chifley Government's attempt to speed up its socialisation policy by nationalising the banking system and thus creating a complete Government monopoly of financial credit. It makes instructive reading today to go back to Sir Robert Menzies' 1949 policy speech, in which

he promised, amongst other things, to reduce the burden of Government and to put the shillings back into the pound. Just over ten years later, early in 1960, Professor F. A. Bland, outstanding authority on constitutionalism, left no doubt about what he thought had happened. He said that bureaucracy had triumphed over democracy,, and that it did not matter "two hoots" what the Opposition or back bench Members of the Government had to say about the Budget, or who was Treasurer at the time the Budget was introduced. Professor Bland spoke from first-hand experience as he was a Liberal Member at Canberra when he made the statement, and he had had considerable experience as Chairman of the Commonwealth Public Accounts Committee.

While in the Opposition, the Liberals and Country Party Members at Canberra had been strongly critical of the influence of the Socialist "advisers" like Dr. H. C. Coombs, but the power of these advisers has increased, not reduced, under the Menzies Government. The case of Coombs is typical of what has happened. Known for his left-wing politics at the Perth University, Coombs then went to the London School of Economics, where he studied under Laski, who described him as one of his most brilliant students. Upon returning to Australia, he soon became a powerful influence in the Canberra bureaucracy. In an address at the Melbourne University on June 11, 1944, Coombs frankly proclaimed his totalitarian philosophy when he said, "People could not expect complete freedom after the war . . . It would be necessary for some individual to be given the right to say what was best for the community." As the key controller of a financial structure even more highly centralised today than it was when the Menzies Government first took office, Dr. Coombs is able to play a major role in controlling the Australian community.

Coombs has his fellow Socialist counterparts in every other part of the English-speaking world. These planners

are dedicated to building bigger and bigger bureaucracies to control and run the highly-centralised economy they are progressively creating with their Communistic policies of high taxation and centralised control of credit.

### Large Numbers Not Essential

Like Lenin, the genius who fashioned a practical programme by which he said the Marxists could achieve world conquest, **the Fabians never regarded numbers as of major importance.** A dedicated minority with its members in key positions in society, could influence and eventually control, the great majority. In his *Socialism in England*, published in 1889, only four years after the Fabian Society had been established, Sidney Webb pointed out that "The Fabian Society occupies a different sphere as a Socialist Society from that of the two larger bodies. It . . . includes members of all the other organizations, with a number of active workers chiefly of the middle class, and 'literary proletariat'. . . . 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.**" (Emphasis added.)

Margaret Cole, leading Fabian Socialist, reveals in her book on Sidney Webb's wife, Beatrice, that there were only 40 in the Fabian Society in its early years. "But," Mrs. Cole continued, "the 40 members, and those who joined them within the next year or two, contained a very high proportion of people who combined remarkable intellectual ability with a strong sense of practical possibilities . . ."

The revelation that the Fabian Society started with such a few members, and concentrated on quality and permeation rather than on numbers, recalls the fact that

Lenin had only 17 supporters when he launched his Bolshevik movement in 1903. It is significant that Bernard Shaw said in 1931 that "Lenin owed a great deal of his eminence to the fact that in his younger days he studied the works of Sidney Webb." Shaw went on in the same statement to say that "The success of the Russian experiment means that old words like Fabianism and Socialism are all out of date". Shaw made his position much clearer when he said in 1948, as reported in the *Evening Herald* (Dublin) of February 3, 1948, that "I am a Communist, but not a member of the Communist Party. Stalin is a first-rate Fabian. I am one of the founders of Fabianism, and as such very friendly to Russia."

Unlike the genuine "moderates" who sincerely believed that Fabian Socialism would mean only a limited amount of central planning, Shaw was a realist who realized that the inevitable end result of such a policy must be economic conscription of some kind. In the October, 1921, issue of the English *Labour Monthly*, Shaw wrote that "Compulsory labour, with death as the final penalty . . . is the keystone of Socialism".

A study of the infiltration methods of the Fabians shows that they had nothing to learn from the Marxists about this art. Karl Marx's great collaborator, Engels, wrote of the Fabians as follows in 1893: "Their tactics are to fight the Liberals, not as derided opponents, but to drive them on to Socialistic consequences; therefore to trick them . . ."

### The Facade of "Respectability"

Results demonstrated that the Fabians had more realistically assessed the techniques necessary for infiltration and subversion in Britain than had the Marxists. Although, as we shall see shortly, the Marxists must have been delighted with the impact of the Fabians on the British middle and upper classes.

Bernard Shaw and the other Fabian leaders carefully

presented the Fabian Society as a highly respectable society, "thus making it possible", as Shaw said, "for an ordinary respectable religious citizens to profess Socialism and belong to a Socialist Society without any suspicion of lawlessness . . ."

In his *Reminiscences*, the Socialist leader, Hyndman, wrote about "the bureaucratic Fabian Society which so assiduously promulgated the doctrine of middle-class permeation and high-toned intrigue."

Perhaps one of the most revealing statements to be found in any of Bernard Shaw's political writings is on page 185 of *Intelligent Women's Guide to Socialism and Capitalism*. This statement exposes the widespread myth that the leadership of the Socialist movement has been provided by the manual workers or the "have-not" members of society. Shaw wrote: "Now the significant thing about the particular Socialist society which I joined was that members all belonged to the middle class: that is, they were either professional men like myself . . . or members of the upper division of the civil service . . . to their Conservative and Liberal parents and aunts and uncles 50 years ago it seemed an amazing shocking unheard-of thing that they should become Socialists . . . Really it was quite natural and inevitable. Karl Marx was not a poor labourer: he was the highly educated son of a rich Jewish lawyer. His almost equally famous colleague, Frederick 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 labour 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 a classically educated man), 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 or class or country to put an end to Capitalism by developing the Communistic side of our civilisation until Communism became the dominant principle in society, and mere owning, profiteering, and genteel idling were disabled and discredited."

The Fabian concept of an elite of specialists, managers and administrators, to dominate and plan society, not only appealed to many members of the middle class, but it also attracted some of those from the upper class and even the aristocracy, who, having lost their former elite standing, looked at the "respectable" Fabian proposals as a means of regaining some of their lost influence.

### Liaison with Marxist-Leninists

But behind the facade of "respectability" the leading Fabians were quite willing to maintain both a personal and philosophical liaison with their fellow Socialists, the Marxist-Leninists. Although even a number of the Marxists could not bring themselves to accept Lenin's revolutionary programme, the Fabians were willing to 1907 to help Lenin and his Bolshevik supporters to meet in London after they had been driven out of Copenhagen, Denmark. It was during the 1907 Bolshevik conference in London that Joseph Fils, a wealthy American soap manufacturer and a Fabian Socialist, helped the delegates with a substantial loan. Lenin and Trotsky, who had both attended the 1907 Bolshevik conference, repaid Fils' loan through the Soviet Government in 1921.

Lenin was directly associated with the Fabians as far back as 1897 when he translated Sidney Webb's *History of Trade Unionism*. Lenin recommended this book to his fellow Marxists. A close study of Lenin's book *Imperialism*, leaves no doubt that the Bolshevik leader drew heavily



upon the book by the same name, written by J. A. Hobson, the well-known Fabian leader.

A classic example of how the Fabians have been always willing to serve the Communists, was the report on Soviet Russia given by Sidney and Beatrice Webb after their 1931 visit to the Soviet. The warm Soviet welcome in Moscow prompted the Webbs to observe that "we seem to be a new type of royalty". But the top Marxist-Leninists knew what they were about.

Upon their return home the Webbs issued their famous two volume report, *Soviet Communism—A New Civilization*. This work had far-reaching effects in the English-speaking world because it was presented as a typical unbiased Fabian work, written by solid, respectable British citizens. With their usual wealth of detail, the Webbs created the impression that they had undertaken a massive piece of thorough, honest documentation. But the work was a Fabian-Communist deception. While many critics of the Webbs' report did attempt to expose the false claims made, and to show it as pro-Communist propaganda, it was not until April 7, 1952, that a former high official of the Soviet Foreign Office, Igor Bogolepov, testifying before the United States Senate sub-committee on Internal Security, was able to reveal the truth about what had happened. Bogolepov said that he had helped prepare the material for *Soviet Communism* in the Soviet Foreign Office. All that the Webbs had to do was "to remake a little bit criticising, but in its general trend the bulk of the material was prepared for them in the Soviet Foreign Office".

The student of true history, which is not a series of disconnected episodes but a flow of policies stemming from philosophies, knows that current events can only be realistically assessed against the background of past ideas and beliefs. Literature has been one of the principal media for the dissemination of ideas. Which brings us to the

special contribution of Shaw and Wells to the present plight of the world.

### The Destructive Influence of Shaw and Wells

George Bernard Shaw and H. G. Wells, both early members of the Fabian Movement (Wells left when he could not gain leadership) played a major role in spreading ideas which have been decisive in producing the world in which we live today. And they had a tremendous impact upon many other English writers. It is significant that after spending all their lives using their undoubted creative abilities to destroy the faith of millions of people in traditional values and institutions, both Shaw and Wells became increasingly pessimistic about the future of man. They died lacking in any real faith.

The evil that men do lives after them, wrote Shakespeare. This is certainly true concerning Shaw and Wells, whose greatest contribution to the Communist advance was to help undermine the backbone of Britain, the British middle and upper middle class. In his strategical appreciation of the world situation, Lenin said that the British Empire was the major barrier to the Communist programme. The ideological and economic attack upon the British middle and upper middle class has been a tremendous factor in the weakening of the British Commonwealth.

Shaw used his brilliant but destructive wit to attack basic British institutions. Aldous Huxley and others have compared Shaw's destructive influence with that of Voltaire, whose writing played such a vital role in preparing the climate of opinion so essential for the French Revolution.

Both Shaw and Wells helped to undermine the self-confidence of the British middle classes, and to foster a



type of guilt complex concerning their own economic and social status. Not only did this undermining process "soften up" the middle class to the point that many were prepared to accept without much resistance the levelling-down economic and financial policies of the Fabians; they also started to become increasingly sensitive concerning British colonial policies. The destruction of the morale of the British middle classes, mainly the work of the Fabians, has had far-reaching consequences, for not only Great Britain and the British Commonwealth, but for the whole world.

### **Fabian Contribution to British Retreat**

While it would be untrue to claim that the Fabians alone exercised the influence which resulted in the British prematurely announcing that they were withdrawing from both Asia and Africa, there is no doubt that the Fabian influences had a marked effect in destroying self-confidence amongst that section of the British people which had in the past supplied the administrators for colonial service. The Colonial Office became staffed with theorists who believed that political institutions which had slowly evolved under British conditions could suddenly be grafted on to primitive people in Africa and elsewhere.

It is true, of course, that "dollar diplomacy" played a major role in forcing the British—and the other European colonial powers—to lay down their colonial responsibilities far too quickly. But this type of pressure would not have been so successful had not the self-confidence of the British been first undermined by the Fabians and other similar "intellectuals". And as we shall see, it is probable that the Fabians and Communists in the U.S.A. have had some influence on "dollar diplomacy".

The Communist leaders themselves have said that the

retreat of the British from Africa has been one of the most significant developments since the end of World War II. This retreat is not only encouraging the Communists to prepare their future plans for Africa on the assumption that there will be increasing chaos; the Communists also know that every new African "nation" which joins U.N.O. supplies yet one more vote which can be used to further Communist strategy in using U.N.O. and its agencies.

While Communist strategy concerning the "Colonial Question" has always been based upon Lenin's teaching that the European powers should be attacked through their colonies, and open Communist propaganda has been concentrated upon furthering this strategy, this Communist propaganda has not had the same deep impact as that of the Fabian Socialists.

### **The Contribution of P.E.P.**

As someone may be thinking that it is rather strange that the British retreat from Africa gained its greatest impetus following the famous wind-of-change address by Mr. Harold Macmillan, the former Prime Minister of a British Conservative Government, it should be noted that, apart from the fact that the British Government is influenced by its many Socialist advisers in the Colonial Office, Mr. Macmillan is not a genuine Conservative. It is often overlooked that during the thirties Harold Macmillan was an enthusiastic supporter of the Fabian Political and Economic Planning movement (P.E.P.). He even attempted to have P.E.P. ideas introduced by Parliamentary legislation. P.E.P. was established primarily for the purpose of permeating the British Conservatives.

It was a spokesman for P.E.P. who said during the war that at least Hitler was imposing "unity" upon Western Europe. Now "unity" is being imposed through the Euro-

pean Economic Community (the Common Market). Mr. Macmillan favours Britain accepting this type of "unity".

P.E.P.'s conspiratorial methods — typical Fabianism — can be judged by the following instructions issued on 25th April, 1933, in conjunction with a broadsheet outlining the policy of Sovietisation by stealth: "You may use without acknowledgment anything which appears in this broadsheet on the understanding that the broadsheet and the group are not publicly mentioned, either in writing or otherwise. This strict condition of anonymity . . . is essential in order that the group may prove effective . . ." The broadsheet mentioned outlined how farmers and manufacturers should be controlled by "duly constituted authority". Small traders should be eliminated: "The waste involved in . . . retail shops, one shop for every 20 households, cannot be allowed . . ."

Several further extracts will indicate beyond all doubt the totalitarian policy advocated by P.E.P.: Politically "big consequent changes will follow in the machinery of government". The following should be of interest to farmers and manufacturers: "Whether we like it or not—and many will dislike it intensely—the individualistic manufacturer and farmer will be forced by events to submit to far-reaching changes in outlook and methods."

"What is required, if with only a view to equitable treatment of individuals, is transfer of ownership of large blocks of land—not necessarily of all the land in the country, but certainly a large proportion of it—into the hands of the proposed statutory corporations and public utility bodies and of land trusts."

In view of the programme of gradual Sovietisation supported by P.E.P., it is not surprising that Mr. Sieff made the claim that "The only rival world political and economic system which puts forward a comparable claim is that of the Union of Soviet Republics."

## Big Finance and Socialism

Although the Fabian Socialists, like the Marxist-Leninist Socialists, have always attempted to present themselves as the bitter opponents of the "wealthy capitalists", the truth is that both groups were helped decisively in their activities at critical periods in their history by powerful financial groups.

The widely-held idea that men of great wealth and financial power can automatically be listed against the forces of revolution, is a most dangerous fallacy and contrary to well-established history. Without exploring here the reasons for the relationship between Big Finance and Socialism, it is necessary to stress the fact that the mentality of the financier, particularly the international financier, is quite different from that of those who actually operate the competitive, free-enterprise economic system.

While many students of revolution and subversion are familiar with the tremendous financial assistance to revolution in Russia by the international financier, Jacob Schiff of Kuhn, Loeb and Co., New York, and his associates, insufficient attention has been directed to the relationship between the same type of financiers and Fabian Socialism. In her autobiography, *Our Partnership*, Mrs. Webb reveals how she and her husband were helped to finance the London School of Economics by the Rothschilds, Sir Julius Wernher, and similar financiers. Sir Ernest Cassel, the influential German-Jewish financier, and associated with Kuhn, Loeb and Co., was the biggest financial contributor to the London School of Economics. In 1920 he saved this Fabian enterprise from serious financial difficulties with a donation of £472,000. In *The Quarterly Review* for January, 1929, Professor J. H. Morgan, K.C., wrote: "When I once asked Lord Haldane why he persuaded his friend, Sir Ernest Cassel, to settle by his will large sums on . . . the London School of Economics, he

replied, 'Our object is to make this institution a place to raise and train the bureaucracy of the future Socialist State'."

It would take a large work to outline the tremendous world-wide influence of the London School of Economics during the time it was dominated by such outstanding Socialists as Professor Harold Laski. Apart from the fact that its teachings have penetrated Universities in all parts of the world, it is interesting to note the number of key Government advisers of the English-speaking countries who were trained at the London School of Economics. The influence of one man, Harold Laski, can never be fully estimated. For example, any realistic assessment of the role of Dr. H. V. Evatt in Australian politics would need to consider his friendship with Laski. In the preface to his book, *The King and His Dominion Governors*, Dr. Evatt wrote, "I am also under obligation to Professor Laski, of the London School of Economics, for much encouragement and advice." Laski was also a close friend of Mr. Justice Frankfurter, as was Evatt. Laski exerted an enormous influence in the U.S.A.

In an address on March 15, 1934, Mr. Louis T. McFadden, outstanding American Congressman and banker, exposed New Deal legislation as having been assisted by the Foreign Policy Association of the U.S.A., which "is directly connected with the Fabian Society". The Foreign Policy Association was sponsored by Paul M. Warburg of Kuhn, Loeb and Co., and by the famous financier Bernard Baruch. Mr. Justice Felix Frankfurter was also a supporter of the Foreign Policy Association.

President Roosevelt's considerable wealth did not prevent him from enthusiastically accepting the advice and support of the Fabian Socialists. In an address in the U.S.A. House of Representatives on June 30, 1939, the Hon. John C. Schafer dealt with Roosevelt's background, revealing him as a wealthy man who had been "an

ex-international banker of wide experience and former attorney for international bankers".

President John Kennedy, Roosevelt's spiritual successor, did not find his wealth a barrier to the acceptance of the advice he received from Fabian Socialist advisers. But Kennedy was not only a product of Harvard University, a hot-bed of Fabian Socialism, but actually studied for a period under Harold Laski at the London School of Economics.

Fabian Socialist J. M. Keynes always enjoyed the friendliest of relations with international bankers. Sir Roy Harrod reveals in his biography how when he visited the U.S.A., "His old friend, Mr. Russell Leffingwell, provided him with a room to himself in the offices of J. P. Morgan."

Several of the American Foundations have become little more than "fronts" for Socialist and, in some cases, Communist activities, providing further confirmation of the nexus between Big Finance and Socialism. Alger Hiss, the American State Department official who was later exposed as a top Soviet agent, was at one time after the war President of the Carnegie Endowment for International Peace.

When Alger Hiss was exposed as a Soviet agent, he was befriended by Mrs. Helen Lehman Bittenweiser. The same woman later supplied most of the bail for Dr. Robert Soblen, brother of Morton Soblen, one of the most important Soviet spies ever captured in the U.S.A. Dr. Soblen was also charged with espionage activities, but he jumped his bail. Mrs. Bittenweiser is the wife of Benjamin Bittenweiser, another member of Kuhn, Loeb and Co. She is also the niece of the banker Herbert Lehman, a former Senator and Governor notorious for his support of revolutionary movements.

## Socialist Contribution to Communist Espionage

Further evidence of the close relationship between the Fabians and the Communists is provided when a study is made of Communist espionage. In his book *From Smoke to Smother* (1948), Mr. Douglas Reed, former foreign correspondent for the London *Times*, and author of a number of books on international affairs, wrote: "I found it (the London School of Economics) to be well-known to Communists in Berlin, Vienna and Prague before the second war, and some of these young men did not disguise from me their belief that it could be used by Communists who wished to pursue their political activities in England under the respectable mantle of 'economics' and studentship."

A long list could be prepared of Communists and pro-Communists who studied at the London School of Economics, or have been influenced by the Fabian Socialists. But we will content ourselves with selecting a comparatively small number of important examples to demonstrate the truth of this statement. India's former Minister for Defence, Krishna Menon, has a long pro-Communist record and was forced from office in 1962 when the Chinese Communist attack took place. He was widely blamed for India's lack of preparedness. Menon was brought to his support for Marxism via a Fabian training. And so was his friend Nehru, who has admitted that he had been living in a world of unreality until the Chinese attack took place in 1962. But Nehru still clings to many of his pro-Communist views and pursues a domestic Fabian Socialist economic policy.

The Canadian Royal Commission Report on Communist espionage (1946), resulting from the defection from the Russian Embassy by Gouzenko, listed the principal Canadian public servants engaged in espionage activities

on behalf of Soviet Russia. A big percentage of these were graduates of the McGill University, *an institution in which the Fabian Socialists had long exercised considerable influence*. One of the leading espionage agents was Dr. Raymond Boyer, at the time still a member of the McGill University staff. The Royal Commission Report drew attention to the fact that Boyer was "a man of very substantial independent means", providing yet one more example of the fallacy of the widely-fostered view that Communism only attracts the poor, and not the wealthy. One of the principal figures in the Canadian espionage disclosures was Kathleen Mary Willsher, who had for some years held a position of confidence in the Office of the British High Commissioner in Ottawa. This agent was a graduate of the London School of Economics.

## Fabianism at Harvard

However, it is when we turn to examine the Fabian influence in the U.S.A., exerted principally through Harvard University, that we find the most striking examples of the close relationship between Fabian Socialism and World Revolution. Fabian Socialist leader Sidney Webb visited the U.S.A. not long after the Fabian Society was first established in England. Fabian progress had made steady progress before the turn of the century, and by 1914 the Harvard chapter of the Fabian Intercollegiate Socialist Society had over 60 members, including men like Walter Lippmann and Felix Frankfurter. Amongst those members of the I.S.S. who became members of the Communist conspiracy were Louis Budenz, former Communist editor who returned to his Christian faith after the war, and W. E. B. DuBois, the American Negro leader. After the end of the First World War, the I.S.S. became the League for Industrial Democracy. The dropping of the term "Socialist" followed the lead of the Fabians in England, who always insisted that the term "Socialist" should not be used. The

League for Industrial Democracy produced such notorious pro-Communists as Corliss Lamont and Frederick Vanderbilt Field, both wealthy men, and Professor Owen Lattimore, the man whose advice played a major part in furthering the Communist advance in Asia.

A classic example of how a Communist agent operates behind a Fabian smokescreen of respectability, is provided by a study of the career of one Oskar Lange, whose work *On the Economic Theory of Socialism*, has been required reading at Harvard's economic department. Lange was a graduate of the London School of Economics, a background which fitted him to become a travelling fellow of the Rockefeller Foundation, and later a lecturer on economics at several American Universities. As a good Communist dialectician, Lange even attempted to provide himself with a more effective smokescreen by offering some criticism of the Soviet. But with the Communist domination of Poland, he emerged as Polish Ambassador for the Polish Government to the U.S.A. In his *Web of Subversion* (p. 184) James Burnham, a specialist on Communism, covers the allegations that while Polish Ambassador in Washington Lange was having secret meetings with Gregory Silvermaster, head of one of the main Soviet cells operating in the U.S.A.

The author of the famous book on the Russian Revolution, *Ten Days That Shook the World*, John Reed, was a Harvard product. The most famous of top Soviet agents produced by Harvard is Alger Hiss. James Burnham observes in his *Web of Subversion* (p. 80) that Hiss belonged to what came to be known as the first Ware cell at Washington, and that almost the entire membership of this cell came out of the Harvard Law School. Many famous Fifth Amendment cases — those who refused to answer whether or not they were Communists or had Communist associations — were associated with Harvard.

It was Hiss who advised the dying Roosevelt at the

infamous Yalta Conference, who worked closely with Molotov to create U.N.O., and who was the first Secretary-General of this organization.

Hiss was a protege of Felix Frankfurter, who, after leaving his professorship in the Harvard Law School, became a Supreme Court Justice. Frankfurter was a close friend of Laski and a most active Fabian Socialist. At Harvard he was notorious for his pro-Communist sympathies and many believe that those same sympathies have expressed themselves in many of his Supreme Court decisions. He came forward as a character witness for Hiss when the Communist agent was being tried for perjury.

Another protege of Frankfurter's was Mr. Dean Acheson, former American Secretary of State and the man who not so long ago told the British they were finished as a world force. It was Dean Acheson who did much of the groundwork for the momentous Roosevelt decision to extend diplomatic recognition to the Soviet gangsters in 1933. Acheson had been closely associated with the Fabians and said publicly after Hiss had been sentenced to imprisonment that he would not "turn his back" on him.

### The Role of Harry Dexter White

But just as important as Alger Hiss, but generally less known, in the Communist conspiracy was Harry Dexter White, who started his career as a lecturer in economics at the Harvard University. The famous British economist, J. M. Keynes, not generally recognised as being a Fabian-Socialist, once described White as America's principal Keynesian economist. White and Keynes were close friends, the significance of which will be examined later. White played a major role in shaping American policies which helped further the Communist revolutionary programme.

As Assistant-Secretary of the American Treasury Department under Henry Morgenthau Jnr., White was responsible

for the "Morgenthau Plan" for Germany, the acceptance of this plan by Britain and the U.S.A. in 1944 being a major victory for the Communists. White also played a dominant part in framing the Bretton Woods financial agreement (1944) which resulted in the establishment of the International Monetary Fund and the International Bank for Reconstruction and Development. In spite of warnings from the F.B.I., President Truman insisted on appointing White as the first U.S.A. Director for the International Monetary Fund in April, 1946. It was not until 1953 that White, who had died a sudden death three days after giving testimony in 1948, was publicly charged by American Attorney-General Brownell as having been a "Russian spy".

Two very influential products of the Keynesian-Fabian economics taught at Harvard were V. Frank Coe and Lauchlin Currie. Like White, both were Communist agents. And White helped advance the careers of Coe and Currie in the American Administration. Currie was educated at the London School of Economics before going to Harvard. As we will see later, early in the war Keynes and White were working on the idea of an International Bank. And White included Coe and Currie in his conferences with Keynes.

In 1944 Coe was the technical secretary of the Bretton Woods Conference and later became the principal administrative officer of the International Monetary Fund. It was not until 1952 that Coe was seriously challenged as being a Communist agent.

The history of the International Monetary Fund provides further evidence of a nexus between international financial groups, Keynesian-Fabians and International Communism. James Burnham observed in his book *The Web of Subversion* (p. 132) that "The International Monetary Fund is one of the most important 'specialized agencies' set up within the United Nation's complex . . .

it is supposed to assist in the interational 'stabilization' of currencies. From its beginning, and before its beginning, the International Monetary Fund has been closely encompassed by the web of subversion."

Another important "front" organisation created by the American Fabian Socialists, was the *New School for Social Research*. In 1920 a New York State Legislative Committee found that the *New School* was "established by men who belong to the ranks of the near-Bolshevik Intelligentsia, some of them being too radical in their views to remain on the faculty of Columbia University." British Fabians such as Sir William Beveridge, J. M. Keynes and Harold Laski lectured at the *New School*. Associated with the *New School* were American Fabians like John Dewey, the man whose ideas on "progressive education" are now coming under heavy criticism.

### Race and Revolution

Another member of the *New School* was one Franz Boas. Although comparatively few people have heard the name of Boas, he made a major contribution to the use of race as a factor in the revolution in the U.S.A. While at the Columbia University, Boas laid the foundations in the U.S.A. of the so-called anthropological science which claims that there are no basic differences between races. In one of the best works yet written on the race issue in the U.S.A., *Race and Reason*, the distinguished American publisher, Carleton Putman, exposes the hoax which Boas perpetrated, and the far-reaching influence of this hoax in America.

In considering the role of Boas, it is also necessary to make reference to the Swedish Socialist economist, Gunnar Myrdal. Myrdal belonged to what has been described as the "Stockholm School" of economics. Keynes borrowed many of his ideas from the Swedish Socialist economists. But Myrdal's main claim to fame is not as an economist, but as the man who headed a research study on the

American Negro, which was published as *An American Dilemma*, and use by the American Supreme Court in its historic decision concerning integration.

As there is no Negro problem in Sweden, and as Myrdal was an economist, not an anthropologist, it is thought-provoking that the Carnegie Foundation should have chosen him for directing a study of the American Negro. Bearing in mind the considerable Fabian influence in the Carnegie Foundation, it is evident that Myrdal was chosen because of his Socialist standing. Associated with him in preparing *An American Dilemma* were James E. Jackson, a Negro Communist and member of the national committee of the U.S.A. Communist Party, and Ralph Bunche, at that time well known pro-Communist and contributing editor of the Communist magazine, *Science and Society*. Bunche was another Harvard graduate.

The decision by the Supreme Court was enthusiastically applauded by the Keynesians and the Communists, and it has opened the floodgates of revolution in the U.S.A. as the Communists and their dupes foster a growing race crisis which is used to demand more powers for the Federal Government at the expense of the States. The unfortunate Negroes are but raw material to the revolutionaries, who have swept aside the moderate anti-Communist Negro leaders who have attempted to warn their fellows against being used for revolutionary purposes.

Mr. Justice Felix Frankfurter, the ex-Harvard Professor and long-time Fabian, led the American Supreme Court in making a decision which so delighted his fellow Fabians and the Communists.

### THE KEY ROLE OF J. M. KEYNES

Although it is generally admitted that the economic and financial theories of the late Baron J. M. Keynes have had a tremendous impact in all Western nations, particularly the nations of the British Commonwealth, and the U.S.A., it is an astonishing fact that most supporters of the free-enterprise, private ownership economic system,

regard Keynes as a "capitalist economist" whose work was primarily concerned with economic and financial adjustments which would have as much as possible of the capitalist system. The truth about Keynes and his vital contribution to the world-wide revolution is so contrary to the fable about him being a "capitalist economist," that, in considering Keynes and his ideas, we are presented with yet another frightening example of how revolutionaries can advance behind a smokescreen of respectability.

While it is probably true that the rank and file of Communists really believe their charge that Keynesian economics are but an attempt "to prop up a tottering capitalist system," Communist leaders are well aware of the direction in which Keynesian economic teachings are taking those non-Communist nations which have adopted them.

The neo-Marxist, Joseph A. Schumpeter, who was Professor of Economics at Harvard for 20 years, indicated that he believed that Keynes' famous work, *General Theory of Employment, Interest and Money*, was really a brilliant political tactic designed to advance socialism under the guise of saving capitalism. Professor Arthur Smithies, present chairman of the Harvard Economics Department, who is a supporter of Keynes, has indicated very clearly how Schumpeter regarded Keynes.

"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 view, rivals Marx in undermining the pillars of capitalism." (Emphasis added).

### Fabian Background

An examination of Keynes' history reveals him as a true Fabian. And prominent Socialists like the late John Strachey, leading English Fabian theoretician, have openly



commented on how Keynesian teachings can advance Socialism. In his book, *Contemporary Capitalism*, 1956, p. 284, Strachey exposes the falsity of the claim that Keynes was concerned with "saving capitalism." "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 Arthur Smithies, 'Schumpeter and Keynes', in *Schumpeter, Social Scientist*, Harvard University Press, 1951, p. 136, 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."

We can note with profit in passing that the career of Strachey provides striking confirmation of the basic philosophical roots of revolutionary movements which are in violent conflict with one another. Strachey became a Socialist at an early age, and as a Fabian in 1924 was a follower of Sir Oswald Mosley. But when Mosley left the Fabians and turned towards Facism and National Socialism, Strachey then joined the Communists, during which time he wrote *The Coming Struggle for Power*, a work used as a text-book by the Communists all over the world. But in 1943 Strachey went back to the Fabians, and is best remembered by the British people as the Minister for Food from 1946 to 1950 who persisted with food rationing and who was associated with the Socialist ground nuts scandal in East Africa.

Strachey has also provided some illuminating comment on how he believes Keynesian theories can further the Socialist revolution, in his *Programme for Progress*. He wrote that he had come to believe that inflationary credit expansion policies were "an indispensable step in the right direction." Giving his reasons for this view, Strachey said: "the fact that the loss of objectivity, and the intrinsic

value of the currency which is involved (i.e., inflation) will sooner or later make necessary, on pain of ever-increasing dislocation, a growing degree of social control . . . for the partial character of the policy will itself lead on to further measures. The very fact that no stability, no permanently workable solution can be found within the limits of this policy will ensure that once a community has been driven by events to tackle its problems in this way, it cannot halt at the first stage, but must of necessity push on to more thorough going measures of re-organisation."

This frank outline of Fabian Socialist tactics recalls the significant statement by Karl Marx when, introducing his famous ten steps for Communising a State in the basic Communist text-book, *The Communist Manifesto*, he made it clear that these steps were only means to an end, not an end in themselves. Marx said that while the ten steps "appear economically insufficient and provisional" they will "in the course of the movement . . . necessitate further inroads upon the old social order."

The Communists and Fabians are as one in their recognition of the fundamental truth that one centralised control tends to cause another, and that the end result is State control of everything.

As it comes as a surprise to many to be confronted with the view that such a widely respected man as Baron Keynes was a conscious agent of revolution, it is essential to examine briefly his background. It was Professor Alfred Marshall, a Fabian Socialist, who influenced John Maynard Keynes to take up economics. Although Marshall's teachings were used by the Fabians in both England and the U.S.A., he kept his Socialist views private and presented himself publicly as an economist of the classic private enterprise school. It would appear that at an early age Keynes learnt the art of subterfuge from Marshall and other Fabians. He was 20 when he joined the Fabian group at Cambridge University.

He was coached privately by Professor J. C. Pigou, another Fabian Socialist. By the time he was 24, Keynes was expounding the traditional Fabian conception of government by permanent officials. With Professor Marshall's backing, Keynes became editor in 1911 of the official organ of the Royal Economic Society, *Economic Journal*. Although this magazine bore the reprint, "Patron: His Majesty, the King," this did not deter Keynes from using it for Fabian propaganda. In fact, in 1913 Keynes became Secretary of the Royal Economic Society, and in collaboration with Bernard Shaw and other Fabians set about exploiting the prestige of the Society to advance Socialism.

During the first World War Keynes sought to keep himself out of the firing lines by a technique used by many other young Socialist radicals: he sought an appointment to a Government service which might exempt him from military duty. But he was eventually forced to file as a conscientious objector and was criticised by his mother for his unpatriotic stand.

Following the war, Keynes was numbered amongst those Socialists who regarded the Bolsheviks as "progressives." His reputation was such by 1922 that *The Manchester Guardian* employed him to edit 12 supplements under the title, "Reconstruction in Europe." Most of those selected by Keynes as contributors were Socialists of various types. He included Maxim Gorky from Soviet Russia. Walter Lippman, one of the most influential newspaper columnists of our times, was also invited. Lippman had joined the Fabian Society in 1909 and had helped the Fabian cause while at Harvard. Harold Laski and G. D. H. Cole were the English contributors.

In 1924 Keynes gave his famous lecture at Oxford University, later published in book form as *The End of Laissez-Faire*, in which he argued that private enterprise was historically coming to an end and that socialised developments were both natural and progressive. Keynes

supported the Fabian concept of not making a direct assault upon private enterprise, but of sapping its foundation to the stage where the Government had to take over. While it is true that Keynes did express disagreement with "doctrinaire State Socialism," this was not a disagreement on principle but only on tactics.

In *The End of Laissez-Faire* Keynes not only put forward concepts concerning political and economic controls; he even advocated social control of the number of children each family should have. An American publisher, Clarence W. Barron, who met Keynes in 1918 described him as "a Socialist of the type that does not believe in the family." We might observe in passing that Keynes never had any children.

### Socialist Double-Standards

Like many Socialists, Keynes was also a hypocrite. Although he was "not a great friend of the profit motive," and attacked vigorously both savings and investment by individuals, his own speculations on the international money market built up his assets from £4,000 in 1919 to £506,000 by 1937. Using the "inside" knowledge they gained in the British Treasury Department, Keynes and his associates organised their own investment company to further their own private interests. It is not surprising that Keynes described Ivor Kreuger, one of the world's greatest swindlers as "the greatest financial intelligence of his time" (New York *Herald Tribune*, July 18, 1960).

According to a publication, *Keynes at Harvard* (1960), issued by the Veritas Foundation, "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 . . . Prominent agitators against 'Capitalism', according to data to *Who's Who in America*, have profited as individuals in all the above categories."

The double-standards of the Fabian Socialists are similar to those of the Communist Commissars, who live in luxury in the "classless society"!

Following his visit to Soviet Russia in 1925, Keynes published three articles later issued by the Fabian Socialist Hogarth Press as *A Short Visit to Russia*. Although he was horrified by the mass terror, Keynes suggested that "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". While there is no doubt that some peoples are more brutal than others, this truth cannot be allowed to obscure the fact that increasing oppression of the individual is the logical end product of all forms of Socialism irrespective of who exercised control, and that "liquidation" of individuals stems directly from Marx's philosophy of dialectical materialism. But Keynes clung to his Socialist concepts, hoping that they would be achieved without the terror suffered by the Russians.

### Fascists and Nazis Use Fabians

It is important to note that the totalitarian philosophy underlying Keynesian theories made them acceptable to both the Fascists and the Nazis. Mussolini observed that "We were the first to assert that the more complicated the forms of civilization, the more restricted the freedom of the individual must become." That is what the Fabian Socialists also preach. A Fascist supporter, James Strachey Barnes, in *Universal Aspects of Fascism* (1929), a book which Mussolini personally approved with his imprimatur, stated:

"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 economies. There is scarcely anything to object to in it and there is much to applaud."

Fabian and other Socialists who are so fond of using the term "Fascist" as a dirty swear word against anti-Com-

munists, should have their attention directed to a further statement by Barnes in his book, that "all this (Keynesian teaching) is pure Fascist premises," and to the fact that during the Fascist regime in Italy not only Keynes, but other Fabian Socialists were translated and studied. Such names as G. D. H. Cole, Sidney and Beatrice Webb, and Bernard Shaw, were quoted in Fascist economic journals.

Not only was Fabian Socialist Keynes accepted in Fascist Italy; he was also welcomed in Nazi Germany. Hitler frankly admitted the basic similarities between National Socialism and Communism, while the chief speaker at the Fabian International Bureau's Conference on March 15th, 1942, made the comment that "... there is not much difference between the basic economic techniques of Socialism and Nazism."

Keynesian theory made such an impact in Nazi Germany that in 1935 Professor Carl Fohl produced a work which was a duplication of Keynes' *General Theory*.

Students of the use of Communism, Nazism and Fascism cannot help be struck by the fact that all three were revolutionary movements which were directed by individuals with Socialist backgrounds. It is true that Nazis and Fascists fought bitterly against Communists, but they were in fact battling for the same type of mind. A number of observers have drawn attention to the fact that many German Communists became Nazis, while after the war many Nazis found no difficulty in becoming Communists. The American writer, John T. Flynn, in his penetrating examination of the "creeping revolution" in the U.S.A., *The Road Ahead*, states "... the line between Fascism and Fabian Socialism is very thin. Fabian Socialism is the dream. Fascism is Fabian Socialism plus the inevitable dictator."

It is a fact of the greatest historical significance that Keynesian Social economics, now so widely accepted in the non-Communist world, were accepted by both the Nazis and the Fascists, and are the Fabian method of weakening the foundations of the free-enterprise system and forcing

it in the direction which the Communists claim leads "inevitably" towards Communism.

As a good Fabian, Keynes grasped early in his career the importance of influencing Government policies through first influencing economists. Keynes also calculated how, if economic instructors could be influenced by a politically inspired economic theory, his ideas would then permeate the whole of the community. Keynes made his objective clear with the following observation in his *General Theory of Employment Interest and Money*: "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."

In a letter to Fabian leader Bernard Shaw, Keynes said he was writing a book on economic theory "which will largely revolutionise . . . 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."

### Keynes Assisted by Marxists

Keynes' most important book, *The General Theory of Employment Interest and Money*, was first published in 1936 and was immediately hailed by Socialists everywhere. It is important to stress that Mrs. Joan Robinson, an internationally recognised Marxist, was one of the main economic experts who collaborated with Keynes on his project. Another leading Socialist economic expert, R. F. Kahn, contributed so much that "his share in the historic achievement cannot have fallen very far short of co-authorship."

Mrs. Joan Robinson was highly regarded by Keynes, who in *The General Theory* generously praises her for her contribution to his work. It is therefore important to note carefully Mrs. Robinson's statement that the differences between Marx and Keynes are only verbal. Writing in the Communist journal, *Science and Society*, winter,

1947, p. 61, Mrs. Robinson said: "The time, therefore, seems ripe to bridge the verbal gulf." The only real difference between the Marxians and the Fabians is one of degree and tactics. Following his visit to Soviet Russia late in 1946, when he had lengthy discussions with Stalin, Professor Laski made the important public statement that English Socialists and Russian Socialists were **approaching the same objective by different roads**. As we have seen, Laski and Keynes were fellow-Fabians who had collaborated over many years.

### International Monetary Fund serves Communist Programme

In view of the fact that J. M. Keynes' economic teachings and their application are furthering the Communist advance, not halting it, we must also examine closely why Harry Dexter White, the top Communist agent, and his Communist associates worked so closely and harmoniously with Keynes to create the International Monetary Fund and the World Bank. Clearly these international financial organisations, which the Soviet has never joined, are powerful instruments for furthering centralised control of all economic activities in the non-Communist countries.

The extension of the idea of Central Banks had been favoured by Keynes during the thirties, and in 1939 White attempted, unsuccessfully, to get past Congress in America his idea of an All-American Bank. In 1941 Harvard Professor Alvin Hansen and Adolph Berle, both strong supporters of Keynes and his Fabian Socialist policies, were campaigning with White to create an international bank. Keynes was working for the same idea, and so, even though the end of the military war was a long way off, the Fabian Socialists and the secret Com-

munists were working for the creation of a new international financial instrument. This is surely a fact of tremendous importance to be considered by every person genuinely concerned about understanding the nature of the forces operating in the current world situation. It is not without significance that when the Chifley Labor Government at Canberra was working for the ratification of the Bretton Woods financial agreements, the Australian Communist press supported the Chifley Government, and urged support for the agreements.

If Keynes' biographer, Sir Roy Harrod, is correct, "At heart he (White) 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." (*Life of John Maynard Keynes*, p. 558.) This was during the preliminary conferences concerning the establishment of an International Monetary Fund.

White was chairman of the Bretton Woods Conference in 1944, at which 44 nations were represented and at which the International Monetary Fund was established with an initial capital of over 8 billion dollars. Keynes had anticipated that White would be the Managing Director of the International Monetary Fund. Keynes "felt that under White the Fund would be in safe hands". Why did Keynes feel that a man who was already under suspicion of being a secret Communist would be the best man to act as Managing Director of an international organisation which would obviously wield such an enormous influence in the post-war world? Keynes' attitude towards the Communists at this time was outlined in a letter to Sir John Anderson on July 21, 1944,

in which he said: "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 then would be able to help them a great deal. They want to thaw and collaborate." (Quoted in *Life of John Maynard Keynes*, p. 582.)

Even after White had been publicly exposed as a Soviet agent, none of the Keynesians anywhere expressed concern about White's subversive role. In fact they came out publicly against the "witch hunts", providing further evidence of the close affinity between the Communists and the Fabian Socialists. The former American Communist leader, Earl Browder, was allegedly expelled from the Communist Party because he proposed in 1945 to turn it into an "educational institution" similar to the Fabian Society. In his *History of the Communist Party of the United States* (1952), Wm. Z. Foster, another Communist leader who came to Communism via the Fabian Socialist groups associated with Harvard University, relates how the Communists claimed that "Another major element in Browder's opportunism was its Keynesism."

As Browder supported the International Monetary Fund and World Bank concept, and in his book *Teheran* (1944), outlined the type of "Foreign Aid" programme which the U.S.A. and other Western nations have in fact adopted in the post-war years, it is clear that he realised that Keynesian-Fabianism could, through the appropriate international financial machinery, advance the Communist objective much more effectively than could the policies of the Marxist-Leninists. It is not without significance that Browder, the Keynesian expelled from the Communist Party, steadfastly refused to provide the American

authorities with any information concerning the Communist conspiracy in the U.S.A. The Keynesian-Fabians and the Communists may on occasions march separately, but they march towards the same goal.

### The Reality of Socialism

The underlying philosophy of all Socialist policies, whether advanced by the Marxist-Leninists, the Fabians, or any other brand of Socialists, is collectivist, reactionary, and opposed to the freedom of the individual. All central planners fear individual freedom, because no one can predict how the individual is going to use his freedom. Central planning requires that planners have effective control of all aspects of human activity. The exercising of freedom by the individual is essentially a creative and spiritual activity. Self-development depends not only on freedom of choice, but the acceptance of personal responsibility for the choices made.

Now the basis of true freedom is economic freedom. The widespread ownership of private property, decentralised and genuine competitive free enterprise, the inheritance of any form of property or money from one's forebears, the obtaining of dividends from investments, and the making of financial profits are all detested by the Socialists. The Fabian Keynes and his followers have done even more than the Marxist-Leninists to make "profit motive" a dirty term. And their effect has been so pervading that even private businessmen feel inhibited against making a positive defence of the profit principle.

The Fabians have also joined with the Communists in attacking the inheritance principle. The attack on the inheritance principle was included in Marx's ten steps in *The Communist Manifesto*. Along with Marx, the Fabians have claimed that the inheritance principle can be at-

tacked by high taxation and heavy death duties. One of Keynes' main contributions to the Socialist advance, was to attack the principle of private savings and private investment.

According to Keynesian economics, the economy should be increasingly geared to Government investment for "social purposes", the "social purposes" to be decided, not by the free choice of individuals, but by Government planners.

Centralised control of the creation, issue and cancellation of financial credit is essential to operate the Keynesian policies, while high taxation becomes progressively more of an instrument of control rather than a necessity for raising money for Government requirements. This Fabian programme accepts inflation, an insidious form of hidden taxation with far-reaching and destructive social as well as economic consequences, as one of its inevitable by-products, and insists that so long as inflation is also "controlled", it should be acceptable. Any who may be so bold as to protest that "controlled inflation" as official Government policy is in fact open Government endorsement of stealing from those who have acquired honest savings of various forms, are threatened that the only alternative is economic depression and unemployment. Those who suggest that it is possible to have economic and financial policies genuinely benefiting all individuals, without either inflation or deflation, are dismissed as "cranks".

In his *Appreciation of the Communist Manifesto for the Labour Party*, issued in 1948 to commemorate the 100th anniversary of Marx's basic document, Fabian Harold Laski asked the revealing question, "Who, remembering that these (policies of high taxation and centralisation of credit) were the demands of the Manifesto, can doubt our common inspiration?" The Fabians openly proclaimed early in their history that the use of high taxation was one of their chief means of reaching the

Socialist State. They also stated that "to the Socialist, the best of Governments is that which spends most."

Although both the Fabian and the Marxist Socialists direct much of their propaganda at the evils of Monopoly, this is but another example of throwing up a smokescreen to mask the truth that the progressive concentration of economic power is welcomed. According to the Marxists, the development of "Monopoly Capitalism" is an essential part of that "historical inevitability" which they claim leads to Communism. So far from the free-enterprise, private-ownership system inevitably developing into Monopoly, a number of surveys have shown that high taxation and centralised credit policies have been the main causes of economic concentration. It is the Keynesian Socialist financial and economic policies which are aiding the Communists by making it *appear* that this concentration is inevitable, and inherent in the free-enterprise economic system.

There is no doubt that Keynes set out deliberately to foster economic concentration and to undermine the middle class—"the Bourgeoisie". Joseph Schumpeter, the neo-Marxist from Harvard University, summarised the Keynesian view in the following passage in his book, *Capitalism, Socialism and Democracy* (1950).

"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 well-known American Fabian and admirer of Keynes, Stuart Chase, in his book, *A New Deal*, a slogan which President Roosevelt borrowed for his Administration, wrote: "Mr. Keynes, following Karl Marx, used the great co-operation as an institution increasingly ripe for state con-

trol or outright ownership. He finds many parallels with the state trusts of Soviet Russia."

In an article in the London *Sunday Express*, 1920, H. G. Wells made the following lucid comment concerning the same point made by Chase: "Big business is by no means antipathetic to Communism. The larger big business grows the more it approximates to Collectivism. It is the upper road of the few instead of the lower road of the masses to Collectivism."

Fabian Socialist financial and economic policies produce the economic centralisation which the Communists then claim proves that Marxism-Leninism has "scientifically" demonstrated that capitalism develops "inevitably" through monopoly-capitalism to Socialism.

### Basic Economic Truths

The current policies of centralisation in the spheres of industry, Government and finance are not going to be halted by merely attempting to draw attention to the evils resulting from these policies, and not demonstrating that a study of basic economic truths reveals that alternative policies leading to greater individual freedom and security are possible. The first essential for an effective counter-offensive against the centralisers, irrespective of whether they call themselves Fabians, Keynesians or Communists, is to attack their basic economic teaching that labour produces all wealth. It is the widespread uncritical acceptance of this teaching which inhibits anti-socialists from seizing the offensive on the question of the inheritance principle.

It is a major fallacy that labour produces all wealth, and that therefore any individual enjoying, in any form whatever, economic benefits from either inheritance or from



dividends, is a "parasite living on the workers". The basis of all wealth is sunshine, solar energy, water and the soil. It is self-evident that no individual, or group of individuals, produced this wealth. The Christian could put the position as follows: Sunshine, solar energy, water, soil, are a part of God's capital. They were a gift to the human being in the same way that a father gives a property to his son. The fact that some individuals might use an inherited asset, one towards which they contributed no labour whatever, in a wasteful or immoral manner, is not a legitimate reason for abolishing the *principle* of inheritance. It is simply an argument in favour of developing a greater sense of responsibility and morality in individuals inheriting wealth. Thousands of years of human history have clearly demonstrated that collectivism encourages a far more irresponsible and anti-social attitude towards wealth of any kind than does private personal control.

Not only has the human being inherited the basic capital wealth mentioned; he has also inherited the truths of the Universe. Labour did not create the truth which man has termed the "mechanical advantage". Man *discovered* this truth when he found that by using a log as a lever he could easily lift a weight which he could not even budge with his own muscle power. The mechanical advantage and many other similar truths, provided the very foundations of the modern industrial system. Having been discovered by earlier generations of men, knowledge of these truths, and how to use them, was passed down to succeeding generations. This is called the cultural heritage. It is this cultural heritage, making use of the vast capital resources of the Universe, which has made possible not only higher material standards of living for present generations, but which has made it possible for individuals to have greater time to devote to activities, cultural and otherwise, other than those forced upon them by economic necessity. The development of automation is the end product of the process of using solar energy to power automatic or semi-automatic machin-

ery. The claim that "labour produces all wealth" is not only false; it becomes progressively more false as the cultural heritage is expanded with the result that labour as such is a diminishing factor in production. Those who really desire to attack Socialist economic and financial policies which are driving the non-Communist nations towards the same centralization suffered by people living in the Communist nations, have got to expose and oppose every attack upon the inheritance principle. They must insist that the tremendous potential benefits from the accumulated knowledge of centuries are available to the individual.

Present policies of economic and financial centralism, are rapidly leading to more and more control over productive resources being exercised by central planners acting in the name of the Government. The essence of true economic democracy is that the individual consumer, using his money "vote", induces a number of competing retailers and producers to compete for his "vote" by offering him better and cheaper goods and services. The sane, realistic purpose of production should be to supply the genuine, freely-expressed desires of individuals. The free-enterprise, competitive system, based upon the concept of private ownership of property, operating in a society where the Government's main function is to uphold a rule of law which ensures that no individual can interfere with other individuals' rights, provides the basis for a major step forward in real freedom for all individuals. But the policies of centralism rob the individual of his full heritage. More and more Government intervention in the field of production and distribution as advocated by Keynes, produces an ever-increasing bureaucracy which decides how the nation's heritage is to be used. This is justified under the slogan that the Government must provide "Full Employment". It is also suggested that this is "progressive," overlooking the fact that the pyramids of Egypt were also used to provide "Full Employment" thousands of years ago. No

doubt the slaves who toiled on the building of the pyramids would have preferred the opportunity of working on some project of benefit to themselves!

The real credit of a nation is its productive capacity. All policies of centralised control seek to ensure that real credit is monopolised by Governments, thus preventing the individual to gain increasing benefits from what is, as has been pointed out, his rightful heritage. Those who argue that under Keynesian policies Government intervention into the economic field does not go as far as the Communists desire, overlook the fact that even the managers of the private-enterprise sector of the economy become so dependent upon the goodwill of the planners running the Government sector, that they are afraid to give offence in any way in case they should, for example, lose a Government contract. Evidence of this development is already mounting in every Western nation where the Fabian tactic of gradualism is being applied.

If the Communist strategy for obtaining a World Monopoly of Power is to be defeated, then not only must all policies for further centralising power be vigorously challenged; but there must also be a progressive decentralisation of all power, political, financial, and economic under the effective control of individuals *who can then be made personally responsible for their actions*. If the supporters of the free society are not capable of advancing appropriate policies for decentralising power, for ensuring that the individual does gain access to his own heritage, then not only will they not defeat the Communist challenge; they will get what they deserve.

## General Conclusions

Although far from being as exhaustive as it might be, this survey of the Fabian Socialist Movement in relationship to the Communist advance, forces the admission of the following general conclusions:

The Fabian Socialist movement grew out of the same collectivist philosophical soil as did the Marxist-Leninist movement. So far from being a moderating influence on the world-wide revolutionary movement spear-headed by the Marxist-Leninists, the Fabian Socialists have played a decisive part in advancing the revolution. Particularly amongst the English-speaking peoples of the non-Communist world, they have furthered Socialist ideology and policies in a manner which the Marxist-Leninists could never have done on their own. They have in fact played the major role in preparing the Western nations for their eventual predicted take-over by their more violent Socialist brothers, the Communists.

The Fabian Socialists have not only produced a fertile recruiting ground for the Communists; many of them have actively collaborated with the Communists. And when they have not directly collaborated, they have provided an effective smokescreen for the Marxist-Leninists, both helping to shield Communist activities and to mask the Communist advance.

It is clear, therefore, that the Communist advance is not going to be halted until the Fabian Socialist smokescreen is swept away by effective exposure and, even more important, the Fabian economic, financial and political policies of gradualism are first halted and then reversed.