

# The history of the IMF: Keynes's conspiracy against Western civilization

by David Goldman

The year 1984 was the 40th anniversary of the International Monetary Fund. Established as the cornerstone of the postwar "Bretton Woods" monetary system, the IMF's purpose from its inception was to establish a world financial dictatorship by the City of London bankers, and to prevent the United States, with its newfound status as a military and economic superpower, from extending its wartime economic boom into a worldwide "American century" of prosperity.

There was, in fact, no need for a "new" postwar monetary system. President Franklin D. Roosevelt had just successfully carried out the 1939-44 military-industrial mobilization which doubled U.S. manufacturing output and clinched the victory over Hitler, and the President was now threatening British Prime Minister Winston Churchill with bringing such a high-technology-vectored boom to the rest of the world—including most emphatically the countries of British Empire.

The bankers' answer was the International Monetary Fund, set up according to the prescriptions of John Maynard Keynes, who first proposed the IMF's creation after hearing of the Nazi economics minister's 1942 radio appeal for a new postwar monetary order. The result was one of the most destructive institutions in human history, which 40 years later has ruined the economies of what is euphemistically called the developing sector, and is now trying to place the United States itself under the same deadly austerity conditionalities.

If the Second World War was the product of the Versailles Treaty that concluded the First World War, then the International Monetary Fund was the culmination of the Anglo-Venetian schemes for oligarchic world monetary order first promulgated in the context of the Versailles Treaty. The IMF's Articles of Agreement are a slightly vaguer restatement of the protocols of the International Monetary Conference at Genoa in 1922, which amounted to forcing all nations to hold their reserves at the Bank of England and accept a British dictatorship over world credit. The City of London's dictatorship emerged after 1944 despite Britain's national bankruptcy, and for one reason only: America agreed to play by British rules. The British jingle at the time said it all:

"Lord Halifax to Lord Keynes: "They've got the moneybags but we've got the brains."

While delegates of the Western countries deliberated in 1922 at the Genoese Palazzo di San Giorgio, the former seat of Genoese banking power, Soviet representatives met with their German counterparts at the small resort town of Rapallo down the Ligurian coast. Under the direction of Soviet Foreign Minister Chicherin (Cicerone), himself the descendant of the banking families who had ruled world finance from Genoa and Venice, the Soviets struck a private deal with German Foreign Minister Walther Rathenau. The deal had the blessing of Count Ulrich Brockdorff-Rantzau, diplomat and leader of the German opposition to the Versailles Treaty. As ambassador to Moscow, he then oversaw the military cooperation between Germany and the U.S.S.R. which began under the Rapallo Treaty and continued under the Hitler-Stalin Pact.

Although the Soviets were the explicit subject neither of the 1922 nor the 1944 world monetary conferences, they nonetheless figured prominently in the deliberations on each occasion. In 1942, Gladwyn Jebb of Britain's Foreign Office circulated a policy document outlining this perspective for Britain in the postwar period: that Western Europe should become an Anglo-Soviet condominium in the postwar period in order to avoid American domination of the continent. The extent of British and European ruin by 1945 and the enormous power of the United States prevented that plan from coming to the surface in any explicit fashion. Nonetheless, the role of Keynes and his American factional allies at the 1944 Bretton Woods conference ensured that the seeds of Anglo-Soviet condominium in Western Europe would be planted in the postwar monetary order.

Thus it is of the highest significance that the American negotiator who faced Keynes across the meeting table in the preparations for Bretton Woods was Harry Dexter White, later proven by congressional investigations to be a member of a Communist Party cell in Washington, D.C., and suspected to be a Soviet intelligence operative. Dexter White's

counterpart at the Federal Reserve Board during the preparations for Bretton Woods was Laughlin Currie, who fled the United States for Colombia following congressional allegations that he, too, was a communist and possible Soviet agent.

### A currency for looting

The IMF prevented the industrialization of the Third World from the very start, by insisting on its cardinal rule of international economic affairs: that nations must remain in a "balance of payments equilibrium," i.e., that they cannot sustain a deficit in their trade and payments. On the surface, that may sound sensible; in practice, this dictum constituted a slow but



*John Maynard Keynes (right) with Soviet agent Harry Dexter White, at the founding meeting of the IMF and World Bank in Savannah, Georgia.*

deadly poison. For the developing nations to industrialize, they would require a prolonged period of balance of payments deficit, while they provided a market for industrial nations' exports of capital goods for the purposes of infrastructural development. On the basis of such deficits, which can be financed only through long-term credits, the developing world would, over an extended period of time, create the export capacity to repay its debts many times over. In the few cases in which such long-term help was made available, e.g., South Korea, the result was a rate of growth termed an "economic miracle."

The IMF turned the principles of the City of London usurers and their Wall Street counterparts into international law, International banking, as practiced by the Venetians and

Genoese, then the Dutch, Swiss, and British, is really loan-sharking: The point of lending is not to finance economic development, but to hook the victim through debt service such that the banker may then dictate policies. This is what has happened to the 3 billion people of the developing world in the past decade and a half.

What appeared to be the strength of the United States following the Bretton Woods meeting—the dollar exchange standard—was in fact to be its ruin. With the remainder of the world's economies in shambles, the dollar was the only functioning currency. But the IMF's actions prevented the huge capital-goods capacities built up during America's war mobilization from being converted for civilian capital-goods exports. The IMF forced the massive undervaluation of the currencies of Western Europe, ensuring that the United States would not be an exporter of industrial goods to the economies then under reconstruction, but a purchaser of cheap labor in those economies.

The dollar was thus steered toward the status of a rentier currency from the beginning, and the potential for a monetary crisis had already emerged—in the judgment of such vultures as Belgian economist Robert Triffin—by 1959, when the United States went into a chronic balance-of-payments deficit only 15 years after the Bretton Woods conference. Since then, the United States has financed its deficit, now in the \$100 billion per year range, by playing the role of usurer with respect to the rest of the world, leaving the world at the brink of a global payments collapse.

### The oligarchy's worldview: 'higher sodomy'

But the issue of the IMF's policies goes deeper; the bland legalisms of the IMF Articles of Agreement disguise a Nietzschean pessimism. Consider the case of the Dutchman Johannes Witteveen, the IMF's managing director during the 1970s, who is also the leader of the Sufi (Islamic mystic) cult in Western Europe. According to friends of Witteveen, the cult decided to take custody of Witteveen's children at a certain point, when it appeared that the IMF chief was slowly starving them to death.

Or look at the IMF's founding father, John Maynard Keynes. The figure of Keynes, like that of his fellow Cambridge University inmate Bertrand Russell, must be understood to make sense out of the apparently self-inflicted decline of what was, at the close of the Second World War, the dominant world power. Keynes's vision of a mature industrial society which would intentionally suppress industrial development, and Russell's scheme to limit military technology through arms control, derive from the same oligarchical worldview that characterized the British leading circles who supported Hitler. It is axiomatic that a nation's industrial base is the foundation of its military capabilities, just as the nation's commitment to its own defense is a powerful guide of economic policy. Under Roosevelt's 1939-44 mobilization, this was demonstrated dramatically. But Keynes and Russell opposed both national self-interest and economic

development.

Keynes's viewpoint was shared by the Malthusian "brain trust" that surrounded FDR during the first years of the New Deal—Rexford Guy Tugwell, A. A. Berle, et. al. Tugwell advanced the thesis that the United States had become a "mature society" whose capacity to develop had reached an end; further efforts to invest in capital-goods capacity would only lead to overproduction and depression. After Roosevelt's death, the same band of East Coast "Establishment" jackals imposed its views upon the gullible Harry Truman.

The growing acceptance of the Keynes-Russell outlook during the Johnson, Nixon, Ford, and Carter presidencies produced such disastrous economic effects as to generate a degree of cultural pessimism hitherto unknown among Americans, with the cultural consequences that may be seen any evening on the streets of American cities. America's domi-

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nant position in world military affairs, indeed her capacity to defend herself, became the victim of the economic decline, to the point that the creation of an Anglo-Soviet condominium in European affairs, the "decoupling" of Western Europe from the Atlantic Alliance, is on the agenda for the first time in the postwar period.

In this context, John Maynard Keynes's personality and policies are an urgent subject of investigation, and Charles Hession's new biography provides relevant details on two essential aspects. The first is the barely concealed, cultish homosexuality of the IMF's founder. The second is a subject usually ignored in treatment of Keynes in American universities, although discussed incessantly upon Keynes's home ground: the identity between Keynesian economics and Marxism.

According to Hession's account, Keynes became a homosexual not merely by inclination, but by philosophical choice, by recruitment to a movement of decadents centered around the Cambridge circle of Apostles, who migrated to

London's Bloomsbury Square and took up with a set of modernist painters and writers. The British elite of Keynes's generation was drawn into a Gnostic rebellion against the values of Judeo-Christian civilization, as Hession shows in his chapter entitled "Bloomsbury and Its Influence on Keynes' Creativity":

These intellectual aristocrats felt that they had discovered new conceptions of morality, justifying them in rejecting Victorian earnestness and sexual respectability. As a consequence, Bloomsbury tended to be gay and "remorselessly frivolous." For example, according to one account, in the twenties some of its members, like the recent "counterculture" of this generation, showed their contempt for bourgeois culture and morals by joining what (Oxford scholar) Isaiah Berlin called the "Homintern." In other words, they made a cult of homosexuality.

Keynes's cult of homosexuality is no different from the sodomic practices of the castration cults of ancient Rome or the Gnostic Cathars of the 12th-century Albigensian heresy or Ernst Röhm's Nazi *Sturmabteilung*.

Keynes built himself a world where nothing was true or real, in which the elites indulged in the narcissism they called the "higher sodomy," and conspired to ward off the impinging, intolerable efforts of the remainder of humanity to subdue the earth and multiply. The elites indoctrinate their initiates through homosexual practices and Russellian positivism, until nothing remains but the Bloomsbury variety of self-infatuation.

Several books published by British authors during the past half-dozen years have dwelt at some length on the irony of children of the British elites turning into traitors and communist sympathizers during their university years at Cambridge in the 1930s. But, as the case of Keynes shows, the entire outlook of the British oligarchy was aberrant, and the Cambridge "queers and commies" were merely a more colorful variant of their elders.

Keynes's life work was dedicated to the thesis that man will inevitably frustrate his own efforts to transform nature by the introduction of improved technology, and must therefore reconcile himself to self-imposed limits to growth. This has provided the ideological basis for 40 years of genocide by the International Monetary Fund—no surprise to anyone who scratches beneath the surface of his "liberal" economics. In his introduction to the first German edition of *The General Theory*, Keynes stated that the Hitler regime represented precisely the kind of social order which could put his theories to work. His political sympathies lay with Prime Minister Neville Chamberlain's "appeasement" of Hitler until well after the disastrous 1938 Munich pact.

Keynes's Malthusianism coincided in all important areas with Karl Marx's argument that technological progress was impossible under capitalism, both in Keynes's own words, and according to the testimony of his closest associates.