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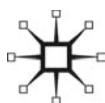
# Hayek: A Collaborative Biography

## Part III Fraud, Fascism and Free Market Religion

Robert Leeson

*Visiting Professor of Economics, Stanford University*

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# Notes on Contributors

**Daniel Baldino**, Senior Lecturer in Politics, Notre Dame Australia University.

**Stewart Hawkins**, Wilfrid Noyce's biographer.

**John Jenks**, Professor of Communication Arts & Sciences, Dominican University, USA.

**Howard Kimberley**, a historian specializing in the history of Wales.

**Robert Leeson**, Visiting Professor of Economics, Stanford University, and Adjunct Professor Notre Dame Australia University.

**Ian Sayer**, the co-author (with Douglas Botting and *The Sunday Times*) of *Nazi Gold: The sensational story of the world's greatest robbery – and the greatest criminal cover-up* (2003).

**Daniel Schiffman**, Senior Lecturer in Economics, Ariel University.

**Richard B. Spence**, Professor of History, University of Idaho.

**Nigel West**, formerly one of Donald McCormick's research assistants; the author of numerous books about the intelligence community.

**Gerhard L. Weinberg**, William Rand Kenan, Jr., Professor Emeritus of History at the University of North Carolina at Chapel Hill.

# Dramatis Personae

## The Fraud

Naval Lieutenant Donald McCormick (1911–1998), aka Richard Deacon; free marketeer; Foreign Manager, *The Sunday Times*. In *The British Connection: Russia's manipulation of british individuals and institutions* (1979), he declared that A. C. Pigou was 'an astonishingly deceptive character who was to become certainly the most secret and in many respects one of the most effective Russian agents in fifty years'. In 1905, Pigou had published *Principles and Methods of Industrial Peace*; according to *The British Connection*, he had been simultaneously gun-running for Stalin.

The Old Oswestrian 'Deacon' McCormick derived much of his 'scholarly' information from the salacious British newspaper, *The News of the World*, and rated the 'British working classes as being about on a par with the lowest type of African tribe'. The philosophy of one of the protagonists of his *Taken for a Ride: The History of Cons and Con-men* was:

you can never cheat an honest man. A truly honest man would never have fallen for any of my schemes. I never fleeced anyone who could not afford my price for a lesson in honesty.

## The Fascist

Lieutenant Ludwig 'von' Mises (1881–1973), free marketeer; aristocrat; Jewish-born atheist; employee of the Foundation for Economic Education; Austro-Fascist (*Vaterländische* or Patriotic Front) member no. 282632; Austro-Fascist social club (*Werk Neues Leben*) member no. 406183; co-leader of the third-generation Austrian School of Economics, known to his disciples as 'The Last Knight of Liberalism'. In his defining work, *Liberalism in the classical tradition*, he declared:

It cannot be denied that Fascism and similar movements aiming at the establishment of dictatorships are full of the best intentions and that their intervention has, for the moment, saved European civilization. The merit that Fascism has thereby won for itself will live on eternally in history.

According to *The Last Knight of Liberalism*, Mises was FEE's '*spiritus rector*' – literally: 'Führer' or 'ruler'.



## The Promoter

Lieutenant Friedrich ‘von’ Hayek, CH (1899–1992), free marketer; aristocrat; atheist; grandson of a ‘naval dandy’; astonishingly deceptive character; paid promoter (via the ‘Moonie Nobel Prize’) of the Reverend Moon and a front organization of his Unification Church; defender of the ‘civilisation’ of apartheid from the American fashion of ‘human rights’; co-leader of the fourth-generation Austrian School of Economics; University of London Tooke Professor Economic Science and Statistics at the London School of Economics (1932–1950); Professor of Social and Moral Science at the University of Chicago (1950–1962); winner of the 1974 Nobel Prize for Economic Sciences for an apparently non-existent prediction of the Great Depression and for explaining (in ‘The Use of Knowledge in Society’) how markets ‘make full use of knowledge and information’.

In 1984, after lunch at the Reform Club, Hayek promoted ‘Deacon’ McCormick, despite knowing that he

may be sometime [sic] making things up. I suppose his exactitude is not that of a scholar, but of a journalist. But entirely honourable.

*The British Connection* was, however, withdrawn by the publishers after just four days: Hayek – whose Nobel Lecture had addressed ‘The Pretence of Knowledge’ – planned to publicize ‘The Suppression of Information’, about Pigou’s communist activities, in the op-ed pages of *The Times* or *Encounter*. Hayek told Arthur Seldon that his Institute of Economic Affairs was superior to the ‘propaganda’ emanating from the Foundation for Economic Education.

## The Source of the Pigou Story

Richard Holmes (1912–?), retired sailor; bedsitland inhabitant in the north of England. He appears to have been afflicted by apophenia, a type of schizophrenia in which sufferers tend to extract abnormal meaningfulness from insignificant events.

## Hayek’s free marketer ‘second hand dealers in ideas’

- Rousas John Rushdoony (1916–2001), public-stoning theocrat; Christian Reconstructionist; devotee of Cornelius Van Til.

- Harold Benjamin Soref, MP (1916–1993), Monday Club National Vice-Chairman; Jewish white supremacist; Reform Club member; claimed by the British Union of Fascists as a member.
- Sun Myung Moon (1920–2012), owner of a chaebol (South Korean business conglomerate); media entrepreneur; founder of *The Washington Times*; founder of the ‘Moonies’; self-proclaimed messiah.
- Murray Rothbard (1926–1995), co-leader of the fourth-generation Austrian School of Economics; co-founder, Senior Fellow and Academic Vice President of the Ludwig von Mises Institute. Austrians named a university after him.
- William Rees-Mogg, Baron Rees-Mogg (1928–2012), Hayek promoter; Roman Catholic; editor of *The Times* (1967–1981).
- Charles Douglas-Home (1937–1985), editor of *The Times* (1982–1985); celebrated Hayek’s birthday by publishing an essay, entitled ‘The Sage of the Free Thinking World’, by Mises’ step-daughter.
- Gary North (1942–), public stoning theocrat; Christian Reconstructionist; Austrian ‘wealth building’ newsletter salesman; Fellow of the Ludwig von Mises Institute; holder of its Murray Rothbard Medal; self-appointed ‘Tea Party Economist’; devotee of Cornelius Van Til.
- Kurt Leube ‘DLE’ (1943–), co-Founder and ex-Fellow of the Ludwig von Mises Institute; library assistant; Professor of Economics, California State University. He claims to have attended the 1984 lunch at the Reform.
- John Costello (1943–2006), author of *The Mask of Treachery: Spies, Lies, Buggery and Betrayal: The First Documented Dossier on Anthony Blunt’s Cambridge Spy Ring*.
- Mark Skousen (1947–), Mormon; professor at Columbia University; ex-Fellow of the Ludwig von Mises Institute; founder of ‘Freedomfest, the world’s largest gathering of free minds’; intelligence officer, CIA; salesman for Austrian ‘wealth building’ newsletter; sponsor of Grantham University’s Mark Skousen School of Business; commentator on PBS’s ‘Nightly Business Report’; President of the Foundation of Economic Education (2001–2002).
- Richard Ebeling (1950–), Adjunct Scholar, Ludwig von Mises Institute; editor of *Selected Writings of Ludwig von Mises*; editor of *The Collected Works of F. A. Hayek: Hayek and the Austrian Economists: Correspondence and related documents*; Ludwig von Mises Professor of Economics, Hillsdale College; Professor of Economics, Northwood University; President, Foundation of Economic Education (2002–2008).
- Glenn Beck (1964–), Mormon; media entrepreneur.

### **‘Deacon’ McCormick’s admirers**

- Terence Hutchison, FBA (1912–2007), Mitsui Professor of Economics, University of Birmingham.
- Hugh Trevor-Roper, Baron Dacre of Glanton (1914–2003), Regius Professor of Modern History, Oxford.

### **‘Deacon’ McCormick’s victims**

- Arthur Cecil Pigou (1877–1959), Fellow, King’s College, Cambridge; third-generation British neoclassical economist; President of the Royal Economic Society; founder of the modern (microeconomic) market failure school.
- John Maynard Keynes (1883–1946), Fellow, King’s College, Cambridge; third-generation British neoclassical economist; President of the Royal Economic Society; founder of the modern (macroeconomic) market failure school.
- Sir Rudolf Ernst Peierls (1907–1995), President, British Atomic Scientists Association.
- Sir John Habbakuk (1915–2002), Principal, Jesus College, Oxford; President of the Royal Historical Society; Vice-Chancellor, Oxford University, and Chairman of the Committee of Vice-Chancellors and Principals.
- Wilfrid Noyce (1917–1962), mountaineer; graduate, King’s College, Cambridge.
- Raymond Carr (1919–), historian; Warden, St Anthony’s College, Oxford.

### **‘Deacon’ McCormick’s academic detractors**

- Philip Noel-Baker, Baron Noel-Baker, CH (1889–1982), Sir Ernest Cassel Professor of International Relations, University of London; Chairman and Cabinet Minister, British Labour Party; co-drafter of the Charter of the United Nations; recipient of the 1959 Nobel Peace Prize. Described *The British Connection* as ‘grotesque and ridiculous’.
- A. J. P. Taylor (1906–1990), historian; Fellow of Magdalen College, Oxford. Summarized *The British Connection*: ‘No more preposterous book has ever been written.’
- Nicholas Kaldor, Baron Kaldor (1908–1986), Fellow, King’s College, Cambridge; Hayek’s former LSE colleague and disciple. In describing *The British Connection* he wrote: ‘almost everything he says will be

recognised as phoney by anyone who knew Pigou or is familiar with his works’.

- Noel Annan, Baron Annan, OBE (1916–2000), Provost, King’s College, Cambridge; Provost, University College, London; Vice Chancellor, University of London; military intelligence officer. Described *The British Connection* as ‘richly comical’.
- E. P. Thompson (1924–1993), historian; Honorary Fellow, Corpus Christi College, Cambridge. Described *The British Connection* as ‘warmed-up fourth-hand crap’.
- George Constantinides (1922–1996), Harvard graduate; career intelligence officer, CIA; author of *Intelligence and Espionage: An Analytical Bibliography*. In describing *The British Connection*, he wrote:

too many great liberties [were] taken in labeling people and not enough separation of wheat from chaff in his attempt to prove extensive and intensive Soviet influence in Great Britain.

- Robert Rea (?–1997), Alumni Professor of History, Auburn University, Alabama.
- Brian Simpson (1931–2011), Professor of Law, University of Chicago.
- Owen Dudley Edwards (1938–), Honorary Fellow, University of Edinburgh School of Classics, History and Architecture.
- Bernard Wasserstein (1948–), Harriet and Ulrich Meyer Professor in Modern European Jewish History, University of Chicago.

### **Friends Ambulance Unit co-recipients of the 1947 Nobel Peace Prize**

- Pigou
- Noyce
- Noel-Baker
- George Macaulay Trevelyan OM, CBE, FRS, FBA (1876–1962), Regius Professor of Modern History; Master of Trinity College, Cambridge.
- Geoffrey Winthrop Young (1876–1958), who lost a leg in the ‘Great’ War, but continued to climb mountains.

### **The Pretence of Knowledge: Alleged sources about Pigou’s treason**

- ‘Roger’.
- The deceased Trevelyan.
- A 1905 diary with coded messages to Stalin, ‘signed’ by Pigou.