PS1 for 6/25/87#HARVARD TRIES TO TURN BACK THE CLOCK

In granting an honorary degree to former House Speaker Tip O'Neill, after declining to grant one to President Ronald Reagan, Harvard has broadcast a clear message to the world. Harvard is not an institution of ""veritas'' (its motto); it is a political institution trying to turn back the clock to the failed ideology of government planning, regulation, and big spending.

Ever since the 1940s, Harvard has taught the economics of the Britisher John Maynard Keynes, whose ""General Theory of Employment, Interest and Money'' was published in 1936. Tip O'Neill is Keynesianism's most successful political operative; as Speaker of the House, O'Neill was able to implement, through statutes and appropriations, everything that the leftwing economists hoped for, and more.

The Keynesian faith is based on a triad of assumptions: (1) a clique of intellectuals can run the economy better than the free market, (2) the bureaucracy should have unlimited access to tax funds and borrowing because the elitists know better how to spend our money than we do, and (3) don't worry about the consequences (such as ever paying off the deficit) because (in one of Keynes' most famous quips) ""in the long run we are all dead.''

Assumption #1 was conceived in the ego of the intelligentsia, assumption #2 was born of their seduction of the politicians and the social service bureaucracy who soon discovered that the key to power (in Harry Hopkins' famous words) was ""tax and tax, spend and spend, elect and elect,'' and assumption #3 grew out of Keynes' homosexuality, an orientation toward short-term pleasures that impose long-term costs on other people's children.

In the heyday of Keynesianism at Harvard, the economics professors preached the pseudo-religion of Keynesianism with the fervor and

flamboyance of a Jim and Tammy Bakker. They peddled an unquestioning faith that ""government'' could and should plan and manage our economy, redistribute resources, and cure our socio-economic problems.

When I was at Harvard in the mid-1940s, it was fashionable 'round the Harvard Yard to say that the United States had reached a ""technological plateau'' and could not expect any significant growth in our economy. Obviously, such an assumption bred an ideology of scarcity in which bureaucrats allocate pieces of the economic pie according to their elitist (and often vindictive) notions of social justice.

Harvard professors of Public Administration preached, ""We must stop talking about balancing the budget and talk instead about budgeting the balance.'' Harvard professors of Political Science declared, ""Henry Wallace is the greatest political thinker of the 20th century.'' (Henry Wallace, the U.S. Vice President from 1941-45, was so leftwing and pro-Soviet that he was dropped by Franklin Roosevelt for his fourth term national ticket in favor of Harry Truman.)

The high priest of the gospel according to Lord Keynes was Professor Paul Samuelson whose textbook, called simply ""Economics,'' went though 12 editions and indoctrinated some three million university students. (That was the number of copies of his textbook that were sold.)

The dominance of Keynesianism among economists and the politicians they seduced was so total that, by the time Richard Nixon was President, he could proclaim: ""We are all Keynesians now.''

Tip O'Neill amassed enough power and squeezed enough funding out of reluctant taxpayers to provide the leftwing planners with unlimited financing for their grandiose plans. By the end of the Carter regime, he had driven the ship of state aground on the shoals of double-digit

inflation, double-digit interest rates, the highest unemployment in 40 years, and a deep national malaise.

It's obvious why Ronald Reagan was unacceptable to Harvard. He is a threat to their faith in themselves. He has proved the failure and the folly of liberal economics. It is now clear that Reaganomics produces more growth, more jobs, and a higher standard of living than Keynesianism, even when run by Harvard-educated planners who are fully financed by Tip O'Neill's power and political skills.

The Keynesian theories of government intervention have been dispelled by reality. After years of the war on poverty through welfare and a mind-boggling assortment of entitlements, more people are dependent on government handouts than ever before. After years of massive taxpayer spending on education, we have an epidemic of illiteracy unknown in the America of the 1940s.

Harvard's selection of Tip O'Neill in preference to Ronald Reagan is a vain attempt to turn the clock back to the days when Harvard economics professors conned our leaders into believing that its graduates could plan and manage our economy. Illusions die hard; the devotees of the Keynesian cult paraded around on Commencement Day in their gowns and cowls, like strutting peacocks, to honor their chief donor, Tip O'Neill.

But the ceremony is nothing but nostalgia for a discredited era. The proven failure of liberal economics and the proven success of Reaganomics is obvious to the rest of the world, and Reaganomics was overwhelmingly ratified by the American voters in 1984.