Hamiltonian economics. His argument in these works, the ones he published while he was in the graduate school in Vienna, developed the following thesis: What's wrong with capitalism is that it creates a central capitalist state, which is like a super trust, which exploits the workers, robs their surplus, reinvests it into research and development, and gives it to the fat-cat industries, the industrial big-capital guys. Therefore, *a true Bukharinite program is opposed to "over-investment, planning, and centralization."* A true Bukharinite economic approach favors market equilibrium, not growth.

What was Bukharin's program? (1) Cut taxes. (2) Implement a two-tier credit policy—which penalizes industrialization, prevents capital-intensive agriculture, and favors labor-intensive and handicraft industries. This is what Rosa Luxemburg was battling. Bukharin writes that accumulation should not be through economic growth; rather, the way you accumulate is through commercial circulation and market changes. At all cost, he said, prevent the concentration of capital and industry from developing where it's not now. Like all graduates of Vienna, Bukharin quotes "liberally" from Aristotle, Bacon, Locke, Smith, and Mill.

What was Bukharin's role in the 1920s? Fighting against Rapallo (the USSR's 1922 economic pact with Germany), fighting for a zero-growth, anti-industrial development package, a Schachtian economic package, over which World War II was fought and not quite resolved yet.

What about Friedman? Friedman's teacher, Hayek, in the same World War I period was in the same classes at the University of Vienna. Then he went to the London School of Economics. From there he went to the University of Chicago where he joined up with John Dewey, Thorstein Veblen, and Robert Hutchins. Some of his people came to New York and, in the 1930s, gave scholarships to two bright economics graduate students at Columbia, and brought them to the University of Chicago to study with the Fabian transplants.

What were their names? Arthur Burns and Milton Friedman. Bukharinites!...

It's the Friedmanites in the Soviet Union who are Brezhnev's problem. And it's the Bukharinites here who are our problem, and the Trotskyites, and so forth. There are other variants of the disease. People here know their zoology.

Keynes is a part of this Vienna circle. There goes every postwar economic history textbook assumption of the major debate between the Keynesians and the Friedmanites, and the Bukharinites. This is one operation.

The question is this: In the postwar period, in 1945, forty nations in the world were members of the IMF. Today, 160 nations are members of the IMF. How can they be nations, sovereign nations, unless they are organized around the notions of Hamiltonian economics, the founding principles, the humanist purpose of America, the notion of Platonic reason? How can you have economic development? You can have projects: one project here, another project there. But only a total, global approach, which puts aside the IMF and World Bank, and goes for a new institution through which industrial-technological transfer to the developing sector, East-West trade, a central economic planning institution to achieve your primary parameter requirements of accelerating rates of development of skilled labor on a world scale can guarantee national sovereignty...

An Anglo-Dutch Banking Crisis

British and Dutch banking institutions are desperately trying to ward off a liquidity crunch in the wake of the Bremen and Bonn summits' opposition to the highly speculative, highly-leveraged commitments of the Anglo-Dutch banks.

BANKING

On Monday, July 17 the Bank of England was forced to undertake emergency measures to prevent a liquidity crisis in England following the rise of call-money rates to 25 percent. A front-page bulletin in the following day's London *Financial Times* warned of "severe shortages of funds expected in the money markets over the next few weeks." To relieve this pressure, the Bank of England announced that banks would "be allowed to keep, for another seven weeks, some £440 of funds which were due to be paid to the Bank as special deposits next Monday" — an effective short-term injection of that amount of liquidity. Despite this palliative move, wire services on the evening of July 19 reported that call-money (overnight lending funds) attained rates as high as 25-34 percent that day, as institutions in Britain sought to cover their liabilities. As the *Financial Times* itself conceded, the Bank of England was concerned about "a potential squeeze on the reserve asset position of the banks. The market has already been experiencing a severe shortage of money . . . . The shortages are expected to persist for the next few weeks . . . and could cause unnecessary fluctuations in short-term interest rates."

What remains to be seen is whether the technical factors cited by the *Financial Times* — heavy sales of gilt-edged stocks and unusual government funding flows — suffice to account for the extraordinary liquidity shortage. Notorious for over a year, the Hambros merchant bank has been in difficulty due to its heavy position in shipping investments that have turned sour. The latest blow to Hambros came as the Norwegian Guaranty Board refused to underwrite any further of the credit issuances in which the heavily Scandinavia-oriented Hambros group had been specializing.

A similar vulnerability in the secondary banking sector in the closely London-allied financial community of Holland is indicated by reports surrounding a legal suit brought against N.V. Slavenburg's Bank of Rotterdam, the sixth biggest in Holland. The Soviet Union's petroleum exporting agency is suing Slavenburg's, the JOC Oil Co., and the First Curacao International Bank for defaulting on $101 million in payments owed for Soviet shipments of oil to JOC.

The Soviets have also filed charges of embezzlement and fraud against the three institutions in a Dutch court.

Slavenburg's claims it is only liable to the extent of $5.6 million, that this amount has been paid, and that Slavenburg's has no connection to First Curacao. But according to the July 19 issue of the *Wall Street Journal*, from 1973 until March 1976 the chairman of First Curacao was the late Thijs Slavenburg, father of the current president and chief executive officer of Slavenburg's Bank, P. Slavenburg. Another member of the family, R. Slavenburg, was also involved in First Curacao until March 1977, and is now a general manager of Slavenburg's Bank.

What is indisputable is that both Britain and Holland, as the major foreign investors in the U.S. during the past three years, have been the principal beneficiaries of the collapse of the dollar. The banking institutions of both countries are believed to be heavily "short" against the dollar — betting on the dollar's further collapse. Both countries have been principal exponents of a policy of compulsory reflation in West Germany, to bail out their own illiquid institutions.

The threat of devastating foreign exchange losses from failed gambling activities and the desire to loot two wealthier countries — the U.S. through asset-takeover and stripping, West Germany through reflating the deutschemark to bail out Anglo-Dutch basket cases — explains the financial side of Anglo-Dutch hysteria over the success of the recent Bremen and Bonn summits.

Selling The U.S. For Profit

With West German and Japanese resistance to inflation demands running strong, the wild card the Anglo-Dutch conspirators still hope to play is their financial and political leverage in the U.S. On July 19, Britain's Barclays Bank International announced its intention to take over the Charlotte, N.C.-based American Credit Corp. Barclays will offer $50 for each share of American Credit, which at the time of the Barclays announcement was selling for $22.

In New York State, on the other hand, a strong resistance to further foreign bank takeovers in that state has developed in the wake of the acquisition of a controlling interest in Marine Midland by the Hong Kong and Shanghai Banking Corporation, the central bank for the world's opium traders. A bill, reportedly being pushed by the New York State Banking Superintendent Muriel Seibert, has just passed the State Assembly and is expected to be passed by the State Senate and signed by Governor Carey. The bill will give the Banking Superintendent strong powers to block foreign bank takeovers where deemed desirable.

— Richard Schulman