

The Big Stick Gets Bigger

By Jay Lovestone

"THE borders of the United States virtually extend to Cape Horn," declared William Howard Taft, sometime ago. In the eighteen years that have elapsed since this historic declaration was uttered, the directly economic and the indirectly political borders of the United States have been extended to the Cape of Good Hope, the Arabian Sea, the Indian Ocean, the ancient Valley of Euphrates, and the Yangtze River in the heart of China.

American Eagle Supreme.

America has become the greatest reservoir of capital in the world. The economic primacy of the United States among the nations is now undisputed. The only question that remains to be answered by the imperialist world is whether this Yankee supremacy is indisputable. Our capitalists are working overtime acquiring the resources of the world. Pan-Americanization has been making terrific headway from the Rio Grande to the Straits of Magellan and from Queen Charlotte Sound to the Hudson Bay. A glance at the commercial map of the other continents will convince the student of international affairs that the stomach of the American eagle is now weighted with gold and that her talons are sticky with oil.

It has been said that the flag follows the dollar. This should be amended to say that the marines follow the dollar. Together these are now chiseling the face of the world.

Every dollar invested abroad is only another wedge for American intervention, political and military. In the present, the imperialist stage of capitalism, every dollar invested in the financing of industry, in the development of railways, in the exploitation of natural resources is a dollar invested in the maintenance of "law and order," "peace," and "progress." The wildest dreams of conquest and oppression of the Pizarros and the Cortezes of yesterday never approached in magnitude the subtle, life-controlling campaigns of the House of Morgan and the Standard Oil interests.

The World's Creditor.

In the last decade the United States has been turned from a debtor into the leading creditor nation. Before the Great Imperialist War the claims of foreign debtors against America totaled about seven billion dollars. Today, this sum is less than three billion dollars. At the same time the rest of the world owes American investors and the Washington government more than twenty billion gold dollars.

Striking evidence of the marked trend of this economic tendency is shown by the change in ownership of the common and preferred stocks of the United States Steel Corporation. From March 31, 1914, to March 31, 1924, the foreign holdings of common stock fell from 1,285,636 to 201,636 and the preferred declined from 312,311 shares to only 112,521.

The United States now holds more than four and a half

million dollars of monetary gold, or at least fifty per cent of the world's stock. New York has again outstripped London as the financial center of the world. While the amount of foreign and colonial loans floated in Great Britain is decreasing, the total floated in the United States is rapidly increasing. From an investor on the byways, the American capitalist has become the principal investor on the highways of the world. The investment outposts of the American bankers now cover the world. The Wall Street bankers are becoming the co-ordinators of international commerce, finance, and industry. It was the dollar that dictated the proceedings of the recent London Conference, framed the Dawes plan, and is now operating the receivership of Germany.

Three Stages of Economic Development.

Our capitalist economic development can be roughly divided into three stages. The first period ranging from 1763 to 1815, was the time when the American capitalists were struggling for the right to be "born," the right to be baptized, as it were, as a distinct national capitalist group. These predecessors of the Morgans and Garys of today talked about and worked for "the rights of independence," the rights of "sovereignty and nationality."

The second period covered the years 1815-1893. In this span of years the capitalists unified their ranks, consolidated their position as the ruling class thru their decisive conquest of political and military power, and centralized their control of the economic resources and the means of production and exchange. It was in this stage that the foundation was laid for the present highly centralized government in place of a decentralized governmental apparatus whose motive power rested in various states. It was in this period that the industrial and financial interests of the capitalist North vanquished the chattel slave aristocracy of the South. Particularly in the latter stage of this period do we hear about the "builders of the continent," the rise of a gigantic system of telegraphs and telephones, the beginning of national labor organizations, and the birth of many of the present monopolies.

The year 1893 ushered in the present—the imperialist—the final stage of American capitalist development. In the last three decades our ruling class has not been talking about or concerned with the problems of national independence, or the politico-economic consolidation of their class power. Now our exploiters are talking about "spheres of influence," about "investment areas" where they can sink for profits the surplus they have wrung from the exploited working class at home, about the "open door" in the Orient, and paramount rights in the Caribbean, Latin-America, and the Pacific. Today it is the independence of other nationalities and other colonial peoples that is bothering the American ruling class. We are now in the period of American political and economic life.

Growth of American Investments.

The Department of Commerce has estimated the value of the national wealth of the United States at about 325 billion dollars. The annual national income is now estimated at approximately seventy billion dollars.

Coincident with the rapid growth of American industry and production has been the swift growth of American foreign investments. In 1900 the United States held only 500 million dollars in foreign securities. The bulk of this investment was found in Canada, Mexico and Cuba. At this time American investors held only ten million dollars worth of European securities.

By 1909 American investments abroad rose to two billion dollars. Canada alone was in debt a half billion to the United States. In 1913 the total foreign investment rose to two and a half billion dollars. Nearly 80 per cent of this sum was invested in Canada and Latin-America. A little more than five per cent of the total was invested in Asia and slightly less than 15 per cent in Europe.

The Great World War brought marked changes in American economic and financial development. For the first time American capitalism was beginning to build up a world machine for banking and credit. Today American capitalists have huge holdings of foreign state, municipal and corporation bonds. The Yankee financiers now have large amounts of capital invested in real estate and mortgages, in mines, factories, electric power, timber lands, oil fields, and merchandise establishments the world over.

A conservative estimate of the total foreign investments of the American capitalists at this date would be close to nine billion dollars. To this there can be added the approximately 12,000 (11,800) million dollars that are due the United States government from various foreign debtors. Consequently, American investments in the industries, resources and governments—in the law and order and stability abroad are now well above 20 billion dollars. The British investments at the close of 1923 were estimated at only 17 billion dollars. Thus, though only about twenty years in the field of foreign investment, American capitalism has already outstripped British imperialism which has been a pioneer in this realm scores of years before the entry of the United States.

Geographical Distribution of American Investments.

It is very difficult to procure data giving an arithmetically accurate picture of the distribution of American investments.

In Canada the total American investments are estimated at a minimum of two and a half billion dollars. There are now from eight to nine hundred American branch factories in Canada. American capitalists have displaced British capitalists as the greatest foreign investors in the Dominion industries. The Canadian Bureau of Statistics reports that American capitalists own at least 31 per cent of the Canadian manufacturing industries.

The total American investments in Mexico are said to be about two and a half billion dollars. American capitalists own three-fourths of the oil wells of this republic.

The Department of Commerce estimates the total American investment in Cuba to be about a billion and a quarter exclusive of the more than a hundred million dollars worth of Cuban government bonds held in the United States.

In all Latin-America there are now more than four billion dollars of American capital invested.

Exclusive of the debts owed to the government, there are now invested about two and a half billion American dollars in Europe. In view of the Dawes program, this field of investment is expected to be a very lucrative and increasingly important one in the immediate future.

American investments in Asia are estimated at more than a half billion dollars and are steadily mounting. American capitalists are, comparatively speaking, newcomers as financial investors in this field.

1924—A Banner Imperialist Year.

This has been a banner year for American imperialists. So far more than a billion dollars worth of foreign loans have been floated in this country. Before the year is over, there is every likelihood that this giant sum will be in-

creased by another half billion. It will be recalled that last year American foreign investments totaled only \$242,845,000; in 1922 only \$431,305,000; in 1921 only \$379,270,000, and in 1920 only \$291,000,000.

It is significant that this year's foreign loans have been almost exclusively to governments. Apparently American capitalism is being led by economic and political forces to stabilize the weakened capitalist governments the world over.

With the adoption of the Dawes plan, the investment of American capital on a large scale in European private enterprises is a matter of only a very short time. Already American investors are financing French railways and steel plants, Belgian chemical companies, hydro-electric enterprises in Norway, Austria, Italy and Japan. Of course, the American capitalists are not neglecting the telegraph, telephone and radio in South America, the sugar and railway companies in Cuba, and the electric light and power systems, paper and lumber companies in Canada.

"Exporting" Financial Experts

American imperialism is now consolidating and extending its position thru exporting and placing strategically its financial experts.

In Hungary, Jeremiah Smith, Jr., Boston lawyer, financial expert and formerly counsel to the United States Treasury Department, is now receiver.

In Peru, Dr. W. W. Cumberland, appointed by Secretary of State Hughes, served as financial boss until January of this year. The American staff organized by this agent of Yankee imperialism now directs the public schools, irrigation projects, health service, the naval academy and the mines in which upward of one hundred million dollars are invested.

Mr. Hughes has also appointed a financial overseer for Persia. The American Arthur C. Millspaugh is now Administrator-General of Persian finances, drawing \$18,000 a year and expenses for a five year term. The American staff working under Millspaugh's direction runs the banks, taxation, and municipal and irrigation engineering projects. The Americans are also serving as farm advisers and handle revenues, disbursements, sanitation and engineering jobs.

When Bolivia wanted to borrow 24 million dollars with which to build railroads and other public works, it was compelled to allow the Equitable Trust Company of New York to appoint two Americans, Messrs MacGowan and Whittaker, to be in charge of the collection of taxes and revenues in Bolivia until such time as the bonds sold in the United States are redeemed.

Judge W. W. Warwick, formerly comptroller of the United States Treasury, is now financial "adviser" to Panama.

In Ecuador, Mr. John S. Hord, formerly financial adviser to Haiti, is now fiscal expert.

After an exchange of notes between the State Department and the Salvador government, the Metropolitan Trust Company of New York appointed W. W. Renwick to collect 70 percent of the Latin-American republic's customs in United States gold. In case of dispute, "our" Secretary of State is to have the American Supreme Court make final decision.

John A. McIlhenny of tabasco sauce fame is collector of customs and financial adviser for Haiti.

In Nicaragua there has been an American, Clifford D. Ham, serving as customs collector for the past ten years

in order to protect a refunding loan made to the little republic by the Yankee banking firm of Brown Brothers & Company.

Today, the reparations machinery of the German receivership is actually in the hands of American imperialist agents. The New York banker Gates M. McGarrah is on the general board of the new German bank of issue and S. Parker Gilbert, Jr., is permanent Agent General of reparations.

Since the terrible "Teddy" Roosevelt first enunciated his doctrine of "big stick" diplomacy, the American imperialist big stick has grown bigger—considerably bigger. In the last six years Congress has appropriated, for the Navy alone, close to four and a half billion dollars. The navalists and militarists are now clamoring for more money to build more ships, elevate the guns and increase the size of the army.

Thru a network of so-called unofficial observers American imperialism is more and more dominating the affairs of European policies and economy. At the London Conference the American Cabinet officers Hughes and Mellon, along with ten of the leading Wall Street bankers perpetrated the rankest type of secret, backstairs diplomacy displayed in many decades.

In South America, our capitalists are pitting one country against another, engineering a great race for naval supremacy, and sowing the seeds of war and dissension in order to prevent the unification of the Latin-American republics against Yankee imperialist aggression. American naval missions are now stationed in Brazil and Peru. Argentine's biggest battleship is at the same time being reconditioned and modernized in the United States.

American manned machine guns have been protecting Robert Dollar Steamships 1,600 miles inland in China up the Yangtze. Today the United States destroyers Steward and Pillsbury are protecting Standard Oil property at Hsinho.

In Hawaii the American Governor General, the notorious sugar baron Farrington, has organized a reign of terror against 20,000 striking Filipino workers on the sugar plantations. Many defenseless workers have been wounded and killed.

In Samoa the natives are protesting vehemently against the banishment of their native leader Tui-Manua by the American governor, Captain Edward S. Kellogg.

It was the marines landed from the United States battleship Galveston that broke up the Ceiba, Honduras, Union of Banana Plantation Workers and forced the natives to work sixteen hours a day for fifteen cents in order to enrich the United Fruit Company.

Internationalizing the American Class Struggle

It is plain to everyone that the operations of American capitalism are now international. In this imperialist stage of American capitalism the character of the class struggle in the United States necessarily takes on an international character and more and more rests on an international basis. This condition, this changed milieu of the class conflicts, in turn creates new problems for the working masses and lends new aspects to the struggles of our exploited masses.

What these new problems are and what new angle the class struggle in the United States is now assuming, the writer proposes to discuss in a subsequent article.