

## DOLLAR DIPLOMACY

**T**HE Dawes Plan, when Europe had to go cap in hand to creditor U.S.A. for the wherewithal to save itself from collapse, marked the shifting of the centre of gravity of world capitalism from London to New York, and the growing subordination of Europe itself to the new creditor Power, just as previously more backward countries had been subjugated to groups of European capital itself. And faced with this startling new phenomenon, our Socialist theorists displayed some very strange reactions. Some claimed it as a new epoch of "peaceful" capitalism, in which the conflicts of Europe had found rest and harmony beneath the wiser counsels of America. Others sought to rally the English workers in a mad, hybrid nationalism against "the domination of Wall Street."

But the truth was, if one surveyed it calmly, that Imperialism, though it had changed its raiment, had not changed its soul. The kid-gloves of the Dawes Scheme only concealed the claw of the exploiter, eager to do in Central Europe what previously it had done in Africa and Central America and in China. Now we discern that the honeyed tongues of Locarno do no more than hide the zeal of a declining Imperialism to buttress its position against disintegrating forces at its centre and on its frontiers, and to dispute the dominance of the new World Power.

Two books recently published by the Viking Press of New York\* deal with the rapid rise of this new imperialist Power. Neither of them analyses the factors which have shaped this new trend of world events, nor do they examine the political significance of it to-day—this they make no pretence to do. Robert W. Dunn collects together in useful reference form the various investments of American capital in foreign countries, classifying them according to countries, and by Government and industrial securities. The significant fact which is the import of this survey is that, whereas in 1914 U.S.A. was indebted to other countries to the extent of \$2,500,000,000—\$3,000,000,000, her position has now so changed as to show an increase in the aggregate American foreign investments by \$6,400,000,000 at the end of 1924 to a total of about \$9,000,000,000. This is in addition to some \$12,000,000,000 owed by foreign Governments to the U.S. Government; and in addition to a redemption of previous debt (through re-purchase by Americans

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\**American Foreign Investments*, by Robert W. Dunn; and *Dollar Diplomacy*, by Scott Nearing and Joseph Freeman (B. W. Huebsch and The Viking Press, \$5.00 and \$2.50 net.).

of American securities previously held by foreigners) to the amount of \$2,000,000,000. The result is that U.S.A. capitalism is now creditor to the rest of the world to the amount of something like \$17,000,000,000 (somewhere the same as the British figure in 1914, which has since declined considerably)—a total which the author thinks may well increase rapidly in the forthcoming years.

The other book—by Scott Nearing and Joseph Freeman—tells the story of American imperialist expansion in China, Central America and the Near East since 1890, and so does for U.S.A. Imperialism in rather less detail what Leonard Woolf did for the tale of British Imperialism in Africa.

Previously absorbed in the problems of her own internal development, U.S.A. capitalism, though late in the field, showed itself a ready disciple of the imperialist methods which European Powers had already learned to employ. In fact, in reading this book one is struck by the surprising similarity of the story to that told by Woolf of the scramble for Africa. Change the names and a few geographical details, and the various stories jumbled together might scarcely be distinguished one from the other. Always the same stages: foreign investment; influence by the investing financiers on their own government to bring diplomatic "pressure" to bear in their interests; against this "pressure" the debtor concerned protests or revolts; and then behind the "pressure" comes the "mailed fist" of warships and marines, aeroplanes and machine-guns, employed in the interests of "property and order." The final state of affairs is a puppet government, financed by the imperialist country and fettered by controlling regulations and foreign advisers; in which subject position the debtor has little more choice in raising money, in the placing of contracts for development work, or in giving concessions to work her raw material resources than had the colonies of the 17th and 18th centuries in their dealings with the mercantilist Mother Country. Modern usury is conducted on an international scale and our Shylocks are the lords of the earth!

The American chapter in the Chinese story does not begin until 1898, when U.S.A. gained the Philippine Islands after her victory in the Spanish-American War. In that year American interests, in the shape of the American Chinese Development Company, obtained their first concession for the building of part of the line of railway from Peking to Canton. Eager to get a footing in a country where rival Powers had already carved for themselves "spheres of influence," the U.S. Government in the next year announced its policy of "The Open Door," recognising equal opportunity in trade for all nations. Six years later there followed the attempt to secure a foothold in Manchuria, where Japan was also active, from which dates the ever widening rivalry between these two Pacific Powers. Under the

administration of President Taft in 1909 the policy of expansion secured official support, and a group of American bankers, headed by J. P. Morgan, was organised to finance any concessions for railroads which American capitalists might obtain from the Chinese Government. Two years later, in co-operation with Britain, Germany and France, she negotiated with the Chinese Government a loan for developing Manchuria and reforming the currency, and as security the creditors obtained a mortgage on numerous indirect taxes, which could not henceforth be decreased without the creditors' permission.

But it was not until after the world war that the U.S.A. had sufficient capital to give her the dominant position as usurer and concessionaire in the Far East. The united front of foreign money lenders was re-formed in 1920 in the new Chinese Consortium ; and of the Powers participating, the U.S.A. alone (and to a lesser extent Japan) had capital in abundance to spare ; with the result that most of the loans floated by the Consortium are in practice mainly financed from Wall Street. In addition, the U.S.A. has secured considerable political success by means of the Washington Conference, both in terminating the Anglo-Japanese Alliance, and in securing the return by Japan to China of the important province of Shantung. A free-handed usurer and controller of numerous educational establishments in China, U.S.A. Imperialism is playing for the moment the role of the "liberal" Power, sympathetic to China's needs, in strong contrast to the hated Japan—a tactic as plausible in its show of disinterestedness as the earlier affirmations of the principle of the Open Door.

But though less topical, the story of the rapid encroachment of control by Washington and Wall Street over the republics of Central America is in some ways more interesting. In the case of Panama—a highly strategic region by reason of the projected canal—interest starts in 1903 when a rising was organised by persons sympathetic to U.S.A. against the Columbian Government, to which the territory had formerly belonged. The "impartial" action of the U.S. Government consisted in preventing the Columbian Government from landing troops on the isthmus to quell the revolt, and ten days after the rebellion in recognising the rebel party as governors of the new independent State of Panama. Fifteen days after the rebellion the U.S. Government signed a treaty with the new Panama republic by which the former obtained a perpetual lease of the canal zone.

In Mexico it was the familiar story of rivalry between American and British oil interests, to the latter of which the President, Diaz, had shown especial favour. In 1910 Madero, representative of bourgeois against feudal interests, organised a revolution; and there was considerable suspicion (though no actual proof) of the actual financing of his cause by American oil interests. After a brief

two years' triumph, Madero was in turn overthrown by Huerta who reverted to the old Diaz policy, and drew special support from and gave concessions to the English Cowdray interests—a fact which drew from the Democratic President Wilson the canting declaration: "We can have no sympathy with those who seek to seize the power of government to advance their own personal interest," and the refusal to recognise the Huerta regime. From the end of 1913 onwards a persistent attempt was made to force Huerta's overthrow. Pressure prevented his securing a loan in Europe, with the result that Huerta had to suspend payment of interest on government bonds in January, 1914; while Britain was gradually detached from diplomatic support of the Mexican Government. Meanwhile, a fresh rising under Carranza and Villa had broken out in the north, and Washington, which had formerly placed an embargo on the import of arms into Mexico, in February, 1914, removed it, admittedly with the intention of strengthening the rebel forces and hastening Huerta's fall.

All this time the oil interests were agitating for active intervention by U.S. land and naval forces, and accordingly in April, seizing upon two absurdly inadequate pretexts of "insults to the flag," American battleships were despatched to Vera Cruz, and bluejackets and marines were landed to occupy the town. As a result, Huerta was defeated, and Carranza installed as President.

But Carranza himself proved to be no such docile instrument as the American oil interests had hoped; and in 1917 and 1918 he proceeded to nationalise all mineral rights and to impose a tax on petroleum. This selfish show of independence drew stern protests from the U.S. Department of State, and the oil companies proceeded to pay Pelaez, a rich brigand, \$200,000 a month to make trouble against the Government, and persuaded President Wilson at the Peace Conference to oppose the entry of Mexico on an equal footing into the League of Nations.

More blatant still was the rapacious policy towards San Domingo and Nicaragua. In the former case, the San Domingo Improvement Co., a New York concern, bought in 1893 the debt of £170,000 which a Dutch company had loaned to the Dominican Government. When, ten years later, financial difficulties prevented the republic from paying the interest, the U.S. Government demanded the right to control and collect the revenues of the republic, paying 55 per cent of them over to the bondholders and the remainder to the Dominican Government, and to prohibit any increase in debt or lowering of taxes if it thought fit. The result of this financial control was a national insurrection in 1916; and on this excuse U.S. battleships entered the roadstead of San Domingo City, landed a large force of marines, and proceeded to take over the whole of the Dominican

customs, treasury, army and police with American officials, and to refuse to pay over to the Government the latter's share of the customs. A new President was elected ; but the U.S. Government refused him recognition unless he signed a treaty making the country a virtual protectorate. A deadlock ensued, martial law was declared in 1916, and a military dictatorship and military terror was instituted. This lasted until 1924, during which period loans were raised with New York bankers, the interest on which the people of San Domingo had to pay ; and the dictatorship was only finally terminated when a puppet President under the muzzles of U.S. rifles signed the treaty which made his country a virtual protectorate.

And Nicaragua—but why need the story be told over again, since the details of each case are so tragically similar to those of every other ? Here we have the same story : American investments ; a canal project and a valuable naval base. President Zelaya resists the “ encroaching ” attempts of the U.S. Government. In 1909 a revolution against Zelaya breaks out ; Washington first covertly then overtly, supports the rebels ; and Zelaya is forced to resign. An American loan to the rebel government follows, secured by U.S. control of the customs ; and a warship is sent to the capital in order to damp down popular opposition to the proposal by its “ moral effect.” The final position of the republic in 1918 was : a debt to U.S.A. of a million dollars ; her railways and bank controlled by New York capital ; an American collector of customs ; a High Commission, composed of two Americans and one Nicaraguan, controlling State expenditure ; her constabulary trained and officered by Americans. In Haiti and Cuba the succession of events was not dissimilar.

The results of the war have lain Europe open as a similar tempting hunting-ground for U.S.A. finance-capital. The Dawes Scheme for Germany shows the floating of a reconstruction loan, secured against certain taxes and the revenues of the railways, a new Bank of Issue, whose board contains seven non-Germans out of fourteen, and a number of “ controllers ” to supervise the economic life of the country. There has even been talk of a “ Dawes Plan for France ” ; and the present plight of French Government finances is the result of failure to accept the terms which Wall Street wishes to impose. In the Near East, too, American finance is raising its voice amid the claims of France and Britain. Armed with the concession given to Admiral Chester in 1909, U.S.A. is seeking to become the heir of Germany to the Bagdad Railway Scheme ; and here her claims complied with the British bulldog hold on Mosul. So great was the pressure, and so eloquently did the minions of Standard Oil preach the gospel of the Open Door at the Lausanne Conference, in protest against British monopoly exclusiveness, that the company

was admitted to a 25 per cent share in the Turkish Petroleum Company, in which Shell holds chief sway. Mr. Nearing's story leaves us, like the first instalment of a serial, at the confirmation of the Chester concession by the Angora Government, and the Ottoman American Development Company preparing to "carry out its plans for building the Bagdad Railway, and to work its oil and mineral claims."

Nearing's book tells its story in a very readable and comprehensive way, with a studied objectivity and a careful verification of every fact; and the book should without fail find a place alongside Woolf and Earle and Delaisi and Arnot in our library of Imperialism. But we should not halt at the mere telling of the story. It is important for us to think out further its relevance to the actual political situation as it faces us to-day. If we do this, we shall neither conclude that capitalism has changed its nature and become stable and peace-loving nor that our first task lies in preaching a crusade against Wall Street. We shall see that Imperialism has done no more than enter a more complicated stage, which because of its very complexity contains more germs of a second August, 1914, than did the pre-1914 situation itself. On the one side is workers' Russia—on the "up-grade"—gathering to her standard the exploited nationalities of the East and the gradually arousing workers of the West. On the other side is U.S.A. capitalism, strong, confident and also on the "up-grade" extending her power and influence westward across the Pacific to challenge the Asiatic hegemony of the "Yellow Dragon," and eastward across the Atlantic to Europe itself and to the Near East. Between the two lies Europe—indebted and struggling against the forces of economic decline; of the one part the new "colonial" countries of Central Europe, stabilised temporarily at the expense of their working class, of the other part Britain, proudly disputing the supremacy of her new creditor—Britain that was formerly creditor of the world—marshalling the continental nations to her side, maintaining her competitive position by depressing the standard of life of her workers, and acting as the fulcrum of reaction towards the class struggle in Europe and the rising national struggle on the borders of her Empire. This situation it is our duty to show in all its dramatic vividness to the movement—a situation which demands no neutral attitude towards Imperialism, nor an opposition merely to one Imperialism as more oppressive than the rest; but a situation which demands a world united front of all elements oppressed by Imperialism who find in that exploiting system a common foe. Those who obscure the issue or fail to grasp its implications will be submerged as miserably as the old 2nd International in the new war of Empires which is already taking shape in the womb of history as surely as was the case between 1905 and 1910.

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