

The Change in the Policy of American Finance Capital.

By John Pepper.

The manifesto of the bankers was indeed signed by the financial magnates of England, Germany, France and the United States, the chief impelling force behind this manifesto, however, is the change in the policy of the most powerful army corps of world imperialism, in the attitude of American finance capital.

American finance capital is attempting to break down the tariff walls in Europe because it is thinking of breaking down the tariff walls of the United States of America.

The traditional policy of American finance capital is a policy of high protective duties. British imperialism could allow itself the luxury of free trade as long as it possessed a world monopoly or as long as its hegemony was not shaken. American imperialism developed into a "junior robber" in the embittered war of defence against British large industry and has always shown a very strong tendency to high protective tariffs. The transference of the hegemony from England to America in the imperialist competitive struggle led to a change in the attitude of the two greatest imperialist rivals. In Great Britain stronger and stronger tendencies to adopt a system of high protective tariffs are becoming evident, whilst in America financial capital is beginning to steer its course towards free trade.

In America, the accumulation of capital is advancing with gigantic steps.

No country in the world knows such powerful trusts as the United States of America.

For American imperialism, the export of capital has become a vital interest. In 1925 America exported 1200 million dollars of capital, in the first six months of 1926 533 millions, and there is an increasing tendency to invest the exported capital not in State loans but in the industries of Europe, Canada and Latin America. Of the eleven milliards of capital which America has invested abroad, no less than 6,232 millions are invested in industry. In the first six months of 1924 only 12% of the American capital exported went to industry, in the first half of 1925 as much as 37% and in the first half of 1926 no less than 45% was invested in industry.

The growing accumulation of capital, the increasing development of trusts which has already led to almost 100% monopolies in all important fields of industry, the fact that the export of capital has become a vital necessity for American imperialism, the enormous investment of capital made abroad by American finance capital, the increasing penetration of important branches of industry abroad by American capital — these are the economic foundations of the significant change in the policy of American finance capital.

For the past year there have been symptoms indicating this change. For many years the prevailing policy of America rested on two pillars: a policy of high protective tariffs which reached its culminating point in 1922 with the introduction of the McCumber-Fordney tariff law, and the slogan of "Away from Europe!" In recent times, American finance capital has introduced a movement against both which is increasing in strength. The new slogan of American finance capital is:

"Co-operation with Europe" and "Break down the walls of the high protective tariffs".

American capital has invested so much in European industry that it must see to it that it gets interest on this capital. The milliards of debts of the European States to America have been funded in recent times, and Europe must now begin to pay off both interest and capital. Europe can, of course, only pay both interest and principle in the form of the export of industrial articles. The high protective tariffs of the United States, however, make it impossible for European industrial products to penetrate into America. The Shylock of American finance capital will have his pound of flesh and that is why he is now in favour of breaking down the protective tariff walls.

Financial capital is of course the most important and powerful factor of political life in America, but even this financial capital would not have been able to carry through this far-reaching and sudden change, were it not that important and deep-rooted political changes — caused by and due to the mighty imperialist rise of America — had occurred in American life in recent times.

The first of these political factors is the "cleansing" of the ruling Republican party. In consequence of the last election, of the presidency of Coolidge, of the La Follette split, the petty

bourgeois and farmer elements have left the Republican party en masse, so that it has become definitely a party of finance capital. The first consequence of this great change in the social structure of the Republican party was that the party and its Government openly dropped the "anti-trust policy". The political squirmishes in the party battles, great and small in America in the last few decades, have been nothing but the fight of the petty bourgeoisie and the farmers against the trusts. No country has so many anti-trust laws — and in no country are the trusts so highly developed and so powerful as in America. The whole policy of Roosevelt, Bryan and La Follette consisted in leading and betraying these petty bourgeois movements against the trusts. The rise of imperialism, the unlimited power of the trusts, the favourable state of affairs, which has lasted for years, have made it possible for the Republican party to declare itself openly, without any mask, in favour of the policy of finance capital.

The second political factor which makes this change in the policy of American financial capital possible, is the new attitude of the masses of farmers to the question of high protective tariffs. The establishment of the system of industrial high protective tariffs in 1922, only succeeded because the masses of farmers at the same time stood up for the introduction of high agricultural protective tariffs against European and South American competition. The great agricultural crisis which followed, shook the faith of the farmers in the efficacy of agricultural protective tariffs. High protective tariffs keep up the prices of industrial articles in America, whereas, at the same time, in spite of the protective tariffs, the prices of agricultural products are low and are still falling. American finance capital is now, in increasing measure, finding the discontented farmers a powerful ally in this campaign against the high protective tariffs.

There is, however, a third factor in political life which affects this question and which makes it possible for financial capital to carry out its new policy. America is becoming more and more a country of small investors. Thanks to the cunning "democratic" distribution of the investments in capital, millions are interested in the export of capital. The more this imperialist development progresses, the larger becomes this section of small investors which bears a certain resemblance to the "classic" institution of "rentiers" in pre-war France. These small investors want their interest, they are therefore in favour of "co-operation with Europe" and of breaking down the protective tariffs which prevent the influx of this interest into America.

The economic and political factors described above are working together to produce the new turn in the policy of American finance capital. The finance capital of the "Eastern" banks, under Morgan's lead, is the pioneer for breaking down the wall of high protective tariffs. Some sections of finance capital, however, are still in favour of high protective tariffs, especially the elements whose interests are not in Europe, but in Central and South America. Two poles are constantly becoming more sharply crystallised; on the one side New York, on the other side Chicago; New York as the centre of "Eastern" financial capital being against high protective tariffs and wanting to introduce a "European policy", whilst Chicago stands up for the protection of the "American standard of living" and propagates a "Pan-American policy".

The American Federation of Labor, as the organisation of the aristocracy of labour, is declaring its solidarity with the industrial bourgeoisie and is in favour of maintaining the high industrial protective tariffs, as it is well aware that with the abolition of the protective tariffs for industrial products, the prohibition of immigration, i. e. the protective tariff against the importation of labour power must also fall.

Without this analysis of the changes in the social structure of America, it is impossible to understand the most recent manifesto of the bankers. The policy of the manifesto is the policy of Morgan, is the policy of American finance capital. "Away with the high protective tariffs in America" — so that American capital can better extort its tribute from Europe; "away with the customs barriers within Europe" — so that the industrial countries, where American capital is invested, can better crush the agrarian countries. "Away with the monopoly of foreign trade in the Soviet Union" — so that a clear path to the Soviet Republic may be opened for capitalism; these are the latest slogans of American finance capital. The international alliance of the working class of Europe, of the proletariat of the Soviet Union and of the proletariat of America must fight against these slogans.