

Limitations of American Imperialism.

By MAX SHACHTMAN.

IF WE OMIT from momentary consideration the seizure of power by the Russian workers and peasants in 1917, the outstanding development in capitalism since the war of 1914-18 has been the rise of American imperialism to the position of the world's leading power. The tremendous vitality and the dominance of American imperialism have been universally commented on and recognized. It is important also to indicate the weak spots in the fabric of American empire and to delineate broadly the limitations of its development.

The essential points of difference between the growth of American imperialism and that of Great Britain, for example, will indicate that just as the rise of the United States to its present dominant status took place at a much more rapid tempo than did the growth of the British Empire, just so, in compliance with the inexorable laws of imperialist development, will the United States achieve the height of its powers and begin to decline at a relatively swifter rate than has Britain.

The British Empire was being hammered out decades before the United States had even achieved its national unity and solidity from Maine to California and from Canada to Mexico. In 1853, when Commodore Perry was sent to force open the door of Japan, Britain already controlled the great sea highways to the East, "in the Indian Ocean, Mauritius and its dependencies, Rodriguez (1809), the Seychelles (1794), the Chagos and Amirante groups and their smaller neighbors, prolong our (the British) line to Ceylon, and it is extended past further India to North China by the Straits Settlements, Labuan, Hong Kong, and Weihaiwei." Little more than a decade after the Civil War, before the United States possessed a square mile of colonial territory, Britain counted almost nine million square miles, with more than a quarter of a billion inhabitants (1876). Years before the United States, with young imperialist vigor, seized Cuba, Porto Rico and the Philippines, Cecil Rhodes was planting the Union Jack over South Africa with one hand and mining gold and diamonds with the other, and Joseph Chamberlain and Birmingham were already in the ascendancy. When the United States took its first unsure steps in imperialist policy, with the Spanish-American war, the sun could no longer set on the British Empire.

The British Empire developed its great strength in the period of the rise of capitalism. American imperialism is rising to its full stature in the period of the decline and decay of capitalism.

Great Britain was master of one-fourth of the world's area when the working class was almost completely under the domination of the social-democracy, half-wedded to imperialist policies itself, during the "peaceful" period of capitalism. The United States enters world politics as a full-chested giant during the period of war and revolution, the death-struggles of the world powers.

When the British Empire was at its height, there was still such a thing as world capitalism. Now one-sixth of the earth is working towards a socialist economy, and is no longer a part of world capitalism in the old sense. The existence and influence of the Union of Socialist Soviet Republics is a new factor in the world situation and a decisive one.

American imperialism, in its efforts to expand, to find new markets and sources of raw materials, is confronted not only with the complete division of the world among the imperialist powers, and the necessity of securing some measure of redistribution of forces from the existing imperialist nations, but also with the necessity of facing the new epoch of the armed liberation struggle of the colonial peoples. They are themselves deciding the question of the reapportionment of what have been hitherto taken for granted as the imperial domains of the world powers.

Only on the basis of these new relations of forces which define and delineate the rate and extent of development can the situation of American imperialism be properly analyzed.

AMERICAN IMPERIALISM IN THE ORIENT.

American foreign policy is expressed in three main fields: the Orient, Latin-America and Europe.

At the present time, any imperialist policy in the Orient and the Pacific must have China as its point of focus. With relation to China, the United States occupies a position which is quite different from that of the two other chief imperialist powers, Great Britain and Japan. To make up for the time and positions of vantage lost by its belated appearance on the imperialist scene in Asia, the United States has been the exponent of the "open door" policy. The blatant, considered hypocrisy of this attitude is evident if the other side of the shield, the exclusive policy of the Monroe Doctrine for Latin-America, is borne in mind. The fact that its rivals were already well established in China—not a lofty sentiment of justice and equality of opportunity—was the inspiration for this bit of music. But the very strength of this policy, which, to be at all effective, must manifest itself in large measure in a "tolerant, unselfish, benevolent" attitude towards the Chinese people and their interests, an attitude devoid of chicane, brutality and base motives, is in itself a weakness, and requires the utmost skill and finesse. What is worse for American imperialism, the development of the Chinese revolution is resulting in the defeat not only of the raw brutality of the British, and the uncertainty of Japan's policy, but also of the over-clever diplomacy of the U. S.

For the success of its policy in China, the United States depends upon impressing the Chinese with the fact that it disassociates itself from the policy of British, with its cynical record of repression, barbarous exploitation, its enforcement of humiliating treaties, its massacres at Shanghai and Wanhsien, and its proposal for united imperialist armed intervention. Furthermore, America is not violently averse to the development of the Chinese national revolution and the rise of a more or less consolidated national government—so long as the revolution (if one may use the analogy) ends with its March and does not proceed to its October; that is, if it leads to a purely

bourgeois republic, repulsing Britain and Japan and inviting the co-operation of American finance capital, and does not develop further, through the growth of the leadership of the Chinese workers and peasants in the national revolutionary movement, towards a consequent struggle against all imperialist bandit nations and a relatively permanent capitalist state.

But an analysis of the situation in China indicates that the revolution will not stop short and forego the historic mission with which it is endowed. The process of differentiation that is going on in the ranks of the broad movement is bringing to a dominant position its most reliable elements, the workers and the lower sections of the petty-bourgeoisie, which, together with the peasants who are developing a constantly more militant and conscious political activity, are the guarantee that the revolution will directly proceed with the iron logic of history beyond the stage of a formal bourgeois society. China can and may proceed through the stage of a bourgeois society towards a revolutionary democratic dictatorship of the worker and peasant masses, since "backward countries with the help of the proletariat of farther advanced countries can proceed to the Soviet system and can, going through certain stages of development, avoiding the capitalist stage, proceed to Communism."

American imperialism in China is therefore confronted with the parting of the ways: either to join with Great Britain in a joint interventionist campaign to prevent the revolutionary movement from advancing beyond the point of the establishment of a purely bourgeois state, in which the young capitalist and merchant class will co-operate with the foreign powers; or to refuse to participate in an armed interventionist campaign by continuing the bluff of America's "disinterested unselfish aims" in the Orient in the hope of thereby securing for itself a privileged position with the Chinese in contrast with other powers, much in the same manner as it did on a smaller scale by its "generous" return of the Boxer indemnity.

The first alternative will result in: 1. the complete unmasking of the United States' brutally imperialist aims in the East; 2. the virtual acceptance of British leadership in China since armed intervention is primarily the policy of England and one for which she is openly preparing; 3. leaving the field to Japan to pose as the only real friend of China, since it is hardly likely that Japan will join with Great Britain and America in armed intervention against the Chinese people, but will, on the contrary, take advantage of the situation to strengthen its own bases and prestige in China and the rest of the Orient at the expense of its two rivals.

The second alternative will result in: 1. such a great weakening of the British interventionist plan as to enable the revolutionaries to rally practically the entire land against the invaders, and, taking advantage of the critical situation in which England will find itself internationally, among its colonies, and by the agitation at home, successfully defeat the British; 2. (with the defeat of intervention) the strengthening of the national revolutionary movement by the participation of broader masses in the struggle and the consequent weakening of the influence of the bourgeois and petty-bourgeois elements within the movement; 3. the coming to the fore of the proletarian and agrarian masses who are the real guarantors for a consistent revolutionary policy in China; 4. the strong likelihood that, subse-

quently, the revolutionary masses in China will proceed with the first steps of nationalization of basic industries, transportation, banks and the distribution of the land, with the result that the possibilities for large scale imperialist exploitation of the country will be radically reduced, leaving not only Great Britain and Japan, but also the United States, to cool their heels on the outside.

The relation of forces in China is so constructed that in any event American imperialist strategy will be defeated. The Chinese national revolution is not a Boxer rebellion and American imperialism can no longer make much capital out of its attitude of profitable generosity. The Chinese revolution has developed beyond that stage, and its orientation is towards Canton and Moscow and not towards Wall Street. In a couple of the South American countries, in order to displace British influence which supported itself chiefly on the feudal land barons, the United States has centered its policy upon supporting the newly developing urban bourgeoisie, even, in some instances, to the point of uprisings; for it would find in the rule of the young bourgeoisie, first, the weakening of British influence and second, a situation where it could dominate the industries, finances, markets, and sources of raw materials of the country. But in China this rather simple policy will not stand up. The influence of the Soviet Union and the inspiration of the Russian revolution; the fact that the petty bourgeoisie is not only weak but in many cases opposed to all the imperialist powers; the fact, furthermore, that the petty-bourgeoisie in China is being outdistanced by the growing consciousness and strength of the workers and the peasants, who will, in constantly greater numbers cease to rely upon the leadership of the bourgeoisie and inscribe on their banners the slogan of the "Revolution in Permanence" as applied to specific Chinese conditions—all these facts which are so typical of the new era in world politics signify that the smashing, blunt course of revolution in China will deal a death-blow even to America's very cunning policy and position.

An important indication of what effect the developments in China are having on America's position may be had from the fact that while the increase of exports to Asia in 1926 over the average of the years 1910-1914 was 344%, the increase in 1926 over the year 1922 was only 12%, due almost exclusively to the stationary position of American trade with China (and Japan). The insecurity of Chinese bonds, (i. e., the prospect of their failure to produce huge profits for foreign investors) has been noted with alarm by the press. The victory of the Chinese revolutionary movement will mean the virtual removal of a source for the production of huge super-profits for world imperialism.

PROSPECTS FOR THE U. S. IN EUROPE.

Whatever success the United States may have in the Pacific, however, it cannot hope to proceed with the same methods, or attain the same results in Europe. On that continent it must deal with strong industrial nations, not backward agrarian countries; with world rivals, not with its colonial possessions or proposed colonies.

The United States is the creditor of practically all of capitalist Europe. The total of American investments in Europe is almost one-fourth of its world investments and almost three times as much as its total investments in Asia, Oceania and Africa combined. Nevertheless, there are already unmistakable indications that the process of American imperialist advance into Europe is not only slowing down, but is reaching its peak, and that the tide is turning in the other direction.

In order to obtain interest on and payment of its huge loans to Europe, which were menaced by repeated industrial, financial and political crises, the United States was forced to help in the stabilization of a number of the European countries by extending new credits, funding debts, and aiding partially in the rehabilitation of industry, particularly in Germany. The immediate collapse of the economic and political structure of European capitalism would not only have added tremendously to the forces of the world revolution, but would have inevitably drawn even the United States into the vortex of a world capitalist disaster. There is no doubt that the United States aided appreciably in saving some of the more sorely pressed European countries—and indirectly itself—from an impending catastrophe.

The stabilization of capitalism in Europe is only a passing phenomenon. But both its present existence, and its inevitable disappearance are conditions for the weakening of American imperialism.

Europe now offers only a limited field for American investments. Investments and loans made by the United States to European countries in the past two or three years have sufficed for the moment to check the crises and enable them to recommence their productive processes without immediate danger of interference in the form of disruption in their financial systems. "The credits which Germany received for the stabilization of her currency, and for the completion of her circulating capital, were infinitely small sums in comparison to Germany's total capital; but without these small sums German capitalism would scarcely have succeeded in overcoming the inflation crisis."

But the resulting temporary industrial revival* has not improved America's position with relation to Europe.

1. Dependence on American capital has been lessened to a great extent, and the year 1927 will undoubtedly see a much smaller amount of American capital sent to Europe than in any of the preceding two or three years. In some countries of Europe, as in Germany, the home loan market is reviving and German banks are demanding and receiving a greater share in the taking up of industrial issues than for years previous. Briand and Stressemann, at Thoiry, had even planned to consummate the stabilization of the franc without direct American aid but by the mobilization of the Dawes' railway bonds. The French senate has persistently refused to approve of the Mellon-Berneger debt funding agreement, although the refusal means that the long-hoped-for loan from America will not be forthcoming. And despite the bitter cost, a measure of stabilization for the franc is being achieved. Here is a commentary of America's limitations in Europe. To force the endorsement of the debt funding agreement America cannot send a punitive expedition to inform the French senate that it is

dissolved; this would have been done long ago if it were not France, but Haiti or Cuba!

There is even a tendency already visible, though relatively slight, in the other direction. Herbert Hoover's annual report of the Secretary of Commerce remarks that:

"By reason of the slight decline in exports and the unusually large increase in imports . . . the excess of exports over imports was much less than in most years, and during two or three months in the spring of 1926 there was an excess of imports. Nevertheless, a small net importation of gold occurred during the year. That this should have happened in the face of the diminished excess of merchandise exports, the large new foreign investments, and the continued heavy expenditures of our tourists abroad, indicates that there must have been a considerable shifting of banking and commercial credits and also a very considerable purchase of American securities by foreigners."

2. Profits from investments in European industries are not so large as they are, for example, in Latin-America. Returns from the employment of a Chilean nitrate worker, toiling under virtually colonial conditions, are far greater than those that may be secured in dividends from a German mining corporation which operates in a country where the organized labor movement is in a relatively better position to resist an intensification of exploitation. American imperialism is not satisfied with an ordinary return on its investment; it demands a "colonial" rate of profit. The United States, despite its large investments in European enterprises, controls relatively few of them. The distribution of the surplus is largely in the hands of the native ENTREPRENEURS who can maneuver in many ways in order to avoid an immediate and direct large return, in the form of profits, to the foreign investor.

3. The United States is meeting with increased competition from European industries, which not only operate with a much lower paid working class than do the American, but which are intensifying the exploitation of the workers, shutting down non-productive plants, introducing the latest efficiency devices, and eliminating competition among the industries of various nations in Europe so as to present a more effective commercial front against the United States. So sharp has been this development in the last year or two that Europe has been able to turn the tide of foreign trade strongly against America, as the following table demonstrates:

U. S. FOREIGN TRADE WITH EUROPE.

(In millions of dollars.)

	1910-14 average	1922	1925	1926
U. S. export to Europe.....	\$1,350	\$2,068	\$2,660	\$2,334
European exports to U. S.	836	831	1,171	1,275
U. S. export balance	\$ 514	\$1,237	\$1,489	\$1,059

The real falling off is much greater than nominal export balances show. While the United States exports to Europe in 1926 increased 73% over the 1910-1914 average, they increased only 13% over the 1922 figure and even DECREASED in comparison with 1925. European exports to the United States on the other hand show an increase in 1926 over the 1910-1914 average of 52% and, over the 1922 figure, of 54%, with an INCREASE in comparison with 1925. The drive for the formation of European cartels or trusts, which cover such industries as steel, iron, coal, chemicals, dye-stuffs, potash, etc., etc., presages even more intense competition with the United States.

The frantic manifesto of the international bankers recognized the essence of the difficulties in ultra-European and American-European relations. If the debts to the United States are to be paid, the foreign trade, therefore the industries, of the nations of Europe must be tremendously strengthened. This requires the levelling of tariff walls, and those of the United States are among the highest. It requires a more intense, free-for-all scramble for the sources of raw materials and new markets in which the United States is so energetically engaged. But this solution, a desperate proposal for a rapidly approaching crisis, solves nothing at all. It can result only in the aggravation of the relations between decaying Europe and the still rising American capitalism. Europe is torn in a dozen directions with struggles between the various capitalist powers and groupings of powers, a condition which makes it virtually impossible to present either an economic or political united front against American finance capital, try as it would. At the same time, the elixir of gold has granted it a sufficient respite from collapse to continue the struggle against bankruptcy, which must be carried on against the United States in the struggles for the markets of the world. The United States cannot forever bolster up world capitalism by pulling at its own bootstraps.

The United States, as well as the capitalist countries of Europe, will be drawn into the crisis of over-production from which Europe is suffering acutely, and out of which it attempts to escape by obtaining new markets. But the world market is becoming more and more limited. The Far East and Latin-America are annually receiving hundreds of millions of dollars worth of machinery, and semi-manufactured materials with these lands heighten their industrialization level and produce for their home market. The imperialist powers of the world are engaging in a struggle for their very existence.

In this struggle, Europe can no longer depend upon American aid, for it has already passed this stage and is coming to grips with America. The United States cannot make colonies out of the European states; it cannot revive for long the industries which are collapsing because they are producing more than can be absorbed by the world market in the face of the tremendous American production; it must content itself with sitting by and observing the collapse in Europe which will shake the structure of American imperialism to its foundations.

(To Be Concluded in Next Issue)