DAWES PLAN WAS LOGICAL STEP IN DEVELOPMENT OF U. S. IMPERIALISM

By JAY LOVESTONE

(Sixth Article)

No event since the close of the world war has been of as great importance to the American capitalist class as the recent London Conference.

Here the Dawes Plan was put over. Here the world supremacy of American capital was given international recognition.

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Dawes Plan Next Logical Step for U. S. Imperialism

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In the London negotiations it may have been the voices of Hughes and Mellon that were heard but the hands of Morgan and Lamont guided the decisions.

Three Imperialist Doctrines.

The Monroe, the Hay and the Dawes doctrines forge a powerful chain—link by link—bounding and limiting the spheres of influence, the vassal countries of the expanding American imperialist domain. The three doctrines reflect three epochs, three stages in the development of capitalist imperialism in the United States.

The Monroe doctrine ordained the closed door in Latin America for all other capitalist national groups. It served notice on these capitalist powers that the political domination of the weak, industrially underdeveloped Latin American countries was the sole privilege of American imperialism.

Then came the Hay doctrine which decreed the so-called Open Door policy in the Far East, the guarantee of "equal and impartial trade with all parts of the Chinese Empire" ostensibly for all powers, but in reality and primarily for the Yankee imperialists. Soon the Hay doctrine superseded in importance and urgency the Monroe fiat, tho it did not displace the first commandment of American capitalist aggression The Hay doctrine, it will be remembered, was the foundation for the Washington conference.

Dawes Plan Logical Step.

Today the Dawes doctrine is the composite expression of the aims and plans of American imperialism. The Dawes doctrine, which is the last word in the attempt of our ruling class to establish their financial and commercial world hegemony, does not do away with the Monroe and Hay policies but is only the logical next step of these policies.

The Monroe, Hay, and Dawes doctrines are characterized by the same underlying principles. The three doctrines have been formulated to avert "dangers" to American political institutions and economic aggrandizement. In the three doctrines the American employing class government reserves to itself the right of final definition, interpretation and application. The three doctrines were conceived as war plans—brewing a hell-brew that could only explode.

Why the Present European Policy.

If one will analyze the conditions in which the Dawes plan took root in the United States, he will find that there were four outstanding, impelling forces making for large-scale, intense American participation in and domination of European political and economic affairs. These forces, underlying the politico-economic situation in the United States and in Europe, have been at work simultaneously and jointly.

The causes of America's adoption of an out-and-out aggressive, active European policy may be enumerated as follows: (1) The pressing need for a foreign outlet for the superfluous capital, particularly gold, which has been accumulating in the United States. (2) The imperialist plans of American capitalism to secure a firmer hold on the industries and markets of the world in order to minimize the detrimental economic effects of its productive system which became highly overdeveloped as a result of the artificial stimulus of the war needs. (3) The Yankee imperialists' growing consciousness of the menace to its own economic structure in the sharp challenge of the International Communist, the revolutionary movement to the war-weakened capitalism of the European countries.

Rapid Course of Industrial Development.

America is today not only the workshop but the pantry of the world. As a result of the war it has become the mightiest reservoir of capital. The war dealt the death-blow to the period of financial isolation for the United States. Mr. Harvey E. Fisk in his volume, "The Inter-Ally Debts," published by the Bankers Trust Company, has estimated that on June 30, 1923 there were invested abroad 7,650 million dollars. This sum is exclusive of the eleven billion dolars that is due to the United States government by foreign government debtors. In 1913 the total foreign investment of the United States was only 2,605 million dollars. Allowing for the depreciation of the value of the dollar in this decade, we find that the American foreign investment is today at least 5,000 million 1913 gold dollars, or an increase of nearly one hundred per cent.

Before 1850 the United States was primarily an underdeveloped agricultural country. From 1850 to 1920 America's population increased 3.6 times. In this same period, however, the physical production of agricultural crops rose 5.2 times; manufacturing increased 28 times; and mining more than 77 times. Between the years of 1900 and 1920 the volume product—not the value—of American industries increased 95 per cent, while the population increased only 40 per cent.

Within the boundaries of the United States we find 40 per cent of all the installed water-power of the world; 35 per cent of the railroad mileage; 57 per cent of all telegraph and telephone lines; the production of 41 per cent of the world's cereals; 71 per cent of the cotton; 50 per cent coal; 54 per cent iron; 64 per cent steel and petroleum; and 52 per cent of its timber.

American Industries Top-Heavy.

Discussing the economic effects of the surplus producing capacity of the United States as a consequence of the world war, Prof. Walter R. Ingalls declared in the Annalist of June 2, 1924: "First class producing and manufacturing capacity in this country was abnormally expanded to meet wartime demands. We know that the excess ought to have been written off and amortized at once. But we have tried to eat our cake and keep it too. The result today is that many industries are carrying dangerous burdens of inflated overhead and personnel—perhaps in some cases even inflated financing."

And at the last convention of the National Purchasing Agents' Association held in Boston it was authoritatively stated that American manufacturers can produce in seven months all the commodities needed for national consumption during the whole year. What the speaker really meant and should have said is: all that the working and exploited farming masses can buy back from the bosses on the basis of their wages and meager income gotten in twelve months in addition to the amount consumed by the owning class.

According to an analysis made by the Federal Reserve Bank of New Yord and the Standard Statistics Co., on the basis of the peak of activity reached in any month in 1923 by twenty leading industries, we learn that the excess industrial capacity compared with normal requirements was 82 per cent in the motor industry; 52 per cent in sugar; 37 per cent in the meat industry; 30 per cent in oil; 29 per cent in shoes; 28 per cent in steel; 26 per cent in flour; 24 per cent in iron and 16 per cent in coal. In fact, many of these industries could have been operated to produce at an even higher rate than in the peak months.

Seek Foreign Outlet.

It is plain to the most purblind that there is getting to be less and less room for profitable re-investment in the United States for the surplus capital with which the American capitalist class is gorged. More and more foreign loans have been serving as an outlet. From January to July 1, 1924, flotations in America for interests outside of the country have totalled about four hundred million dollars. Foreign flotations are today running on a larger scale in New York than in London. Many expect the sum to reach a billion dollars by the end of the year. The overbuilt, topheavy condition of American industrial plant equipment is driving an increasing portion of the capital investment fund elsewhere. The companies taking out charters in the first five months of 1924 showed a decrease of eleven per cent in number and thirteen per cent in authorized capital as compared with the same period for 1923. One of the primary causes of the present wave of unemployment is this topheaviness.

Great Inflow of Gold.

Since the world war there has also been a great flow of gold from the other countries to the United States. The director of the mint has officially declared that on August 1, 1924 the United States held about fifty per cent of the world's monetary gold, more than four and a half billion dollars worth. Since 1910 the gold stock of the United States increased 175 per cent. In the four years before the world war the American gold stock showed an average annual increase of seventy million dollars. Since the war the inflow of yellow metal has been terrific. In 1921 alone the increase in gold bullion was more than 800 million dollars.

While America is facing this plethora of surplus capital, a shortage of capital is manifesting itself in many parts of the world. Germany and Poland, for example, are forced to pay terrifically high interest rates. Simultaneously, money is available for a song to the American capitalists. The present rate for call money is 2 per cent. Bankers' acceptances can be had on a 1⅞ and 2 per cent basis for thirty days. Ninety-day money can be had at 2 per cent. Four years ago the rediscount rate of the New York Federal Reserve Bank was seven per cent. At present after a third reduction in one year, it is three per cent—the lowest anywhere in the world and in the history of the Federal Reserve System. Thus has America's surplus gold wealth swelled its bank credit.

This credit structure has been further dangerously broadened by the Federal Reserve Banks' continued purchase of government securities at a time when rediscount rates were low. From November, 1923, to July, 1924, the Federal Reserve Banks have increased their holdings of government securities from seventy-three to four hundred and seventy-seven million dollars in an effort to be able to put the brake on in case the country is again confronted with the danger of inflation.

Fear Danger to American Financial Power.

The danger of this glut of the money markets due to the unprecedented flow of gold to American shores has been clearly seen by the solons of Yankee hig finance. On May 12, 1924, the advisory council of the federal reserve board, consisting of the most eminent bankers of the different sections of the country, held a meeting in Washington to consider the seriousness of the situation and to indorse strongly the Dawes plan as a means of relieving this super-saturated credit condition. We quote in part from its significant statement:

"It is obvious that our credit power cannot continue to grow indefinitely without the danger of oversaturation. If the stream of gold that floods our shores is not stemmed in time, it is to be feared that, ultimately, we will not be able to ward off its inflationary effects. And inflation would only aggravate the economic maladjustment already existing within our own boundaries; a maladjustment which not only disturbs and endangers our trade with other countries, but which makes our agricultural situation particularly difficult and distressing."

Then the report goes on to urge the re-establishment of the universal gold standard as the best way out of the difficulties facing the capitalist world. It continues to argue strongly for the adoption of the gold standard by the Dawes plan bank issue in Germany in order to hasten the other countries' adoption of the gold basis, which is today the dollar basis. Tho this proposal is made as a solution for the world's ills, it is fundamentally and foremost an effort by the American capitalist class tô save itself

Altruism Threadbare.

In the light of these facts, the lofty and altruistic motives that are so much emphasized in the plans of the American capitalists to aid European reconstruction become threadbare. The economic why and wherefore of American imperialism initiating and being for the Dawes scheme becomes plain—ugly—starkly naked. These are the economic conditions giving rise to the development of the latest stage in American imperialism — the Dawes doctrine.

The co-operative plan was installed here a year ago after the strike that almost destroyed the railroad organization. O. S. Beyer, jr., with Wm. H. Johnston, head of the machinists' union, induced president Daniel Willard of the B. & O. to try it out on that system. Beyer is now employed by the union. He installed the proposition here and supervise it.

The plan has been extended all over the B. & O. system with the heads of the shopmen's unions eager to expand it to other roads. The Glenwood plan is intended to "help the stabilization of employment on the B. & O. railroad, thereby producing a situation of satisfaction and a contented personnel with improved morale and consequently improvement in service and production by greater efficiency and better quality of work."

A biweekly co-operative meeting is held in the shop. The workers are represented by eight men. Across the table are eight bosses from the company side of the house. The business of the joint committee is:

"To meet for frank discussion of questions relating to the planning and carrying on of work and having in mind that the specific purpose of these meetings is mutual helpfulness and not one of criticism or fault finding. It is understood that these meetings are not for the purpose of rissussing or adjusting grievances."

A perusal of the minutes of such a meeting on March 19 showed that 76 separate suggestions were entertained and acted upon at this one meeting. The character of the questions and action taken may be seen in the following items chosen at random:

1. Installation of furnace in the blacksmith shop for use of boiler force.—Referred for attention of general committee, Baltimore.

2. Opening of apprentice school.—Referred to Dist. Master Mechanic but no advice rec'd.

3. Installation of separate drinking fountains for colored and white employes.—Ten white and four colored signs painted.

4. Condition of toilets.—Referred to division engineer for handling and is taken up with Gen. Supt.

5. Suggestions that ladders be built for use of employes when performing work on locomotives to avoid loss of time by climbing up thru cabs, etc.—Referred to care foreman to have these built.

So far as the local committee can remember the company has offered but one suggestion in the co-operative meetings and that was an unimportant item regarding work checks.

The co-operative machinery does not in any way interfere with that of the trade unions, They carry on their business as before or as they do on roads where the plan is unknown. If a worker has a grievance against the boss over some question covered by union agreement he applies to the union for redress.

The men have diligently carried out the co-operation. Before the plan was established the material shop expense per man was $15.08 a month. Now it is $7.43. Repair work on locomotives that used to take 60 days is now done in 21. Engines that were formerly overhauled in contract shops are now repaired at home at a saving of $4,000 per engine to the company. Men who would not go along with the efficiency stunts were gotten rid of, according to the men in the ships.

Continuity of work, the only definitely stated benefit to the workers stated in the plan has not been fully realized. There are still furloughs here as in other shops. The wages paid are mechanics, 73 cents per hour, helpers, 50 cents, laborers, 40 cents.

If the company doesn't want to carry out a proposal it doesn't.

My interview with the workers' cooperative committee and the local union heads brot out the following:

The meeting is in the washroom of the shop at noon. There are 18 workers in overalls present. The question each answered in turn was: "What is your honest opinion of the co-operative plan, speaking for publication."

The replies were:

"The plan is all right. It gets production but we haven't got anything out of it. This is one sided co-operation."

"I'd be for this thing strong if we had a man on the company board of directors so that we could have something to say in the actual management of the road. We have a right to benefits for all the extra work we've done. As it is I'm not for it."

Five others—ditto.

"I'm for it strong. It isn't working as it should but that's because it's new. It will take time. The company isn't coming across now but it will."

"It's the bunk. We got rid of the agitators. But the company didn't get rid of the men we didn't like. As an efficiency plan, this is it but we want to see the results in our pay envelope."

"This plan has brot us nearer to the company. We're here talking to you and we really ought to be working, that is an improvement—(it was a few minutes past whistle time)—and we have a promise of steady work."

Y PATTERNS

A POPULAR STYLE

4684. This becoming little model may be of gingham, pongee, sateen or printed voile. It is also good for linen, serge or wool crepe. The guimpe may be of lawn or batiste.

The pattern is cut in 4 sizes: 4, 6, 8 and 10 years. A 6-year size requires 1½ yard of material for the dress and