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# Territorial Expansion.

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A profound sensation was recently caused in the capitalist world by the figures of our foreign commerce for the fiscal year ending June 30, 1898. On both sides of the Atlantic every editor of some pretensions, every statesman or politician of note, every financier, merchant or speculator credited in the public imagination with superior wisdom on account of his enormous wealth or scandalous success, spoke out his "views" with appropriate exclamations. And in one respect these views were certainly remarkable. They showed, if nothing else, the crass ignorance of our "captains of industry" in the very matters which they are supposed to understand perfectly. Never before was an opportunity so well improved by the brightest apologists and luckiest beneficiaries of the capitalist system to display their imbecility.

But while there was at least in capitalist circles a manifest interest awakened by the figures in question, they were apparently of no more concern to the labor world than astronomical records. Their very magnitude seemed to place them beyond the grasp of the proletarian mind. We can hardly wonder at that. The man who must toil a long day for a single dollar, when he can toil at all, is apt to waste no time at night in extending his knowledge of numeration to the billion point. And yet these figures, ever so incomprehensible to the laboring man, are merely the arithmetical expression of economic developments brought about by his industry, affecting deeply his own condition, and pregnant with further changes of still greater import to himself and to his class. Could he read them intelligently, could their true meaning be made plain to him, his now vague perception of human right and social justice, which impels him at times to resist oppression in much the same way as a blind Hercules

would fight off a keen-eyed vampire, would soon evolve into a clear-sighted spirit of class-consciousness and class-solidarity, embodied in a mighty movement of social emancipation.

At any rate, the drift of international commerce, the multiple factors by which it is determined both in its aggregate and in each of its components, and, last, but not least, its influence upon the policy of capitalist governments, are matters that the Socialist student cannot afford to ignore. They involve the development of International Capitalism, upon which depends in turn the development of International Socialism. In the special case under consideration — namely, the foreign commerce of the United States — the new facts and new tendencies strongly brought to light by the official statistics of the last years are the obvious forerunners of an economic struggle more widespread, more severe, and more extraordinary in every respect than has yet taken place since the advent of the modern system of production. Again viewed in connection with the unprecedented attitude of this country as a political power no longer confined to America for its possibilities of territorial expansion, they reveal the existence and nature of certain new forces, by which our so-called statesmen are moved like mere puppets in all their acts and schemes.

Such a treatment of the subject cannot be superficial. It requires a careful consideration of certain historical facts and statistical data,\* a clear perception of certain fundamental truths, and above all a complete emancipation of the mind from certain popular fallacies, most useful to capitalist organs and politicians in their nefarious work of confusing and sidetracking the public understanding. We shall proceed methodically.

### I. The Balance of Trade.

As an exporter of merchandise, this country now stands very nearly on a par with Great Britain. Observe, furthermore, that nearly the whole of our exports is actually the product of our labor applied to our own natural wealth; whereas a large portion of the materials which enter into the commodities exported by England is the product of foreign lands, including her colonies. If the value of those colonial and foreign materials were deducted, it would no doubt be found that our "net" exports now exceed those of Great Britain.

Unlike England, however, and precisely because of the magnitude and diversity of our natural resources, we import considerably less than we export. In the twelve months ending June 30th, 1898, our imports amounted to \$616 million, while our exports (including \$21 million of foreign merchandise reexported, and \$24 million of silver, which in our international dealings must necessarily be treated as merchandise), amounted to \$1.255 billion, leaving an apparent "balance of trade" amounting to \$639 million in favor of the United States. On the other hand the annual exports of Great Britain average, in round figures, over \$1.4 billion dollars, but her imports average over \$2.3 billion, leaving annually an apparent balance of about \$900 million against her.

It falls under the sense that if these enormous balances of trade had to be settled in gold — or for that matter in any sort of money-international commerce could not long continue on its present basis. The ability of England to draw from foreign nations so much more than she returns to them would almost instantly come to an end. Likewise, the ability of foreign nations to buy of this country so much more than they can sell to it would soon be exhausted.

The fact is that, instead of shipping gold abroad in quantities corresponding to her adverse balance, England, upon the whole, imports more of it than she exports. For instance, in the eleven months ending November 30th, 1898, her receipts of gold exceeded by \$48 million her shipments of it, despite an adverse balance of merchandise amounting for the same period to more than \$800 million. On the other hand, with a merchandise balance of \$639 million in their favor as the result of their foreign commerce during

the last fiscal year, the United States received gold from abroad to the net amount of only \$105 million, thus "apparently" remaining the creditors of foreign countries to the extent of \$534 million. Taking as a whole the preceding period of seven years, 1891-1897, our exports of merchandise (including silver) exceeded our imports by nearly \$1.1 billion; yet in those seven years we exported gold to the amount of \$225 million.

Manifestly, then, these balances of trade, so-called, even when supplemented by a statement of the international movements of specie, do not convey a correct idea of the relations in which the nations stand to each other as creditors or debtors. In most instances they actually convey — or can be made to convey — to the mind economically untrained ideas which are the very reverse of the real facts. It is indeed an essential property of the capitalistic atmosphere — a property necessary to the existence of the capitalistic order — to so deflect the visual rays as to make everything appear inverted.

There are obviously other factors to be taken into account. And upon further inquiry, the nature of these factors is readily found, although their exact value is not so readily ascertained. They are chiefly of three kinds, namely:

1. Freights, insurance and commissions.
2. Foreign investments, together with the interest, dividends, rents and all profits or losses thereon.
3. Expenditures of travellers abroad, etc.

In the case of the United States, which are still almost entirely dependent upon foreign vessels, foreign merchants and foreign bankers in their transactions with foreign lands, the adverse balance of freights, insurance and commissions is estimated at not less than \$100 million a year. Another \$100 million may safely be set down to the annual income derived by foreign capitalists from their investments in this country. Lastly, the letters of credit, drafts, etc., issued to American citizens travelling or residing abroad exceed also one hundred millions; and the tendency of this account is to steadily increase, not only with the development of commercial intercourse, but with the growing love of foreign nobles for American heiresses.

We thus have, on those three accounts, a grand total of at least three hundred millions which must annually be carried to the debit of the United States, in addition to the value of our imports. In other words, we must annually ship abroad, in merchandise or gold, three hundred million dollars more than we import, in order to settle our international accounts, unless the deficiency be made up by sales of American securities or “properties” — bonds, stocks, real estate, etc.— to foreign investors.

At this rate, in the seven years, 1891-1897, we should have exported merchandise and gold to the amount of \$2.1 billion in excess of our imports; but, as this excess was only \$1.3 billion, the investments of foreigners in American securities and properties must evidently have increased \$800 million during that period. On the other hand, in the year 1898, we exported merchandise to the amount of \$534 million in excess of the combined merchandise and gold which we imported. From this apparent balance, however, \$300 million must be deducted for freights, interest, and all the other items which we have already mentioned. The investments of foreigners in America must, therefore, have decreased about \$234 million during that memorable year. This last result was brought about by the simultaneous action of two causes, namely, (1) the uneasiness of foreign capitalists concerning their American investments when the war with Spain broke out; (2) the confidence of the American capitalists in the issue of that war, together with their ability and readiness to improve their opportunity of buying back, at low prices, the domestic securities which they had previously found it convenient or necessary to sell abroad.

## II. Popular Fallacies.

From the facts and figures which have just been presented, we may already infer the absurdity of certain conflicting notions which are still widely prevailing, some here, some there, not only among the “ig-

norant masses,” but among “captains of industry,” according to their respective capitalistic interests.

One of these notions — chiefly entertained in protectionist America, and exploited for all its worth by protectionist politicians in times of tariff agitation — is that the balance of trade, according as it is in favor of or against a country shows the profits or the losses accruing to that country from its foreign commerce. In an “interview” stolen by the *New York Herald* from a yellow competitor, and praised editorially by both papers as evincing economic knowledge of a high practical order, the notorious speculator, James R. Keene, “showed that the excess of exports over imports in three years had been \$1.1 billion, and that in four years it would be \$1.5 billion; this vast sum, he said, was a direct addition to the country’s wealth.” And it is in the hands of such lucky Midases that blind Fortune, under the capitalistic system, drops the reins of industrial government!†

Had it occurred to Mr. Keene to take into account the various factors above mentioned, and to correct his figures accordingly, he would still have contended that the \$234 million which we found to be the true balance in our favor for the year 1898, “was a direct addition to the country’s wealth,” and, therefore — as many people of his own intellectual caliber believe — was the “direct” result, the actual “product” of our foreign trade. It would never have occurred to him that the same addition to “our” wealth — that is to the wealth of our capitalists — would have been made if the merchandise from which this addition came had been sold on domestic instead of foreign markets, although in this case the international balance would have been largely against this country.

Another notion, the very opposite of the preceding one, but just as absurd, and chiefly entertained in free trade England, is that, insomuch as wealth consists in the possession of useful things, an excess of imports over exports is a clear gain of wealth.‡ In illustration of this theory, it advocates point to Great

†- It may be observed that the two papers here referred to are free trade Democratic organs. The ways of “patriotism” evidently carried them away from their “principles,” and instead of deploring the decrease of our imports, the growth of domestic monopolies under the tariff, etc., they rejoiced with Mr. Keene at the magnitude of our exports and the prosperity of those monopolies as shown by their ability to flood the foreign markets with American products. As to Mr. Keene himself, we know nothing of his politics; but we may reasonably presume that, like his fellow directors of corporations and trusts, he is “a Democrat in Democratic districts and a Republican in Republican districts.” At any rate there can be no doubt that he is a “patriot.”

‡- The bourgeois free trade political economist Bastiat, who was an upholder of that silly notion, formulated it in the following terms: “The profits accruing to the nation from any foreign commerce should be calculated by the overplus of the importation above the

Britain, which, with an adverse balance of 900 millions a year, not only gets no poorer, but actually gets richer.

The same fundamental fallacy lies at the bottom of these two opposite notions; the capitalistic fallacy, exploded by Marx, and upon which we have already dwelt at some length in the *Socialist Almanac* (Chapter on Trusts); the fallacy that surplus value is created by exchange — that is, by the mere act of buying and selling; whereas, in fact, all surplus value is created by labor unpaid for, and appropriated by the capitalist class; exchange or commerce of any sort, domestic or foreign, being simply the process through which each member of that class is enabled to convert his share of the spoils of labor into money, or commodities, or such other forms of property as may best suit his convenience or purpose.

When the capitalistic fallacy no longer obstructs our vision, and when the light of socialistic truth is brought to bear upon the subject, we perceive at a glance the real nature of commerce, domestic or foreign, as a capitalistic agency, apart of the social distributive function which it must of necessity assume for the accomplishment of its actual object. We then realize its inherent incapacity to produce value, even though the capitalists engaged in commerce do “make profits.” For we then understand that the “profits,” so-called, which any capitalist, as such, “makes,” do not represent any additional value given by his personal exertions to his merchandise, since, as a capitalist merely, he does no manner of work; that they do not, in fact, represent any “additional” value whatever; but that they are simply a portion of the value already given to that merchandise by the labor of other people, who have produced it in its entirety, but have been robbed of all that part of it which is over and above the “wages” paid to them. To produce and to steal are, indeed, two very distinct operations.

It is not by fighting over the plunder contained in a captured ship, or by trucking, or by throwing dice, that pirates come into possession of that plunder or

can increase its amount and value; although they can, by any of these means, unequally divide among themselves what there is of it. Likewise, while some capitalists may, by trading, or speculating, or gambling, enrich themselves at the expense of other capitalists, or get richer than others do, it is not by trade, or by speculation, or by gambling, that the capitalist class, as a body, enriches itself. This piratical class has captured the ship of industry. All the wealth in which it trades, speculates or gambles, all the wealth which it “saves” or wastes, is the product of the laboring class, whose helpless members, under the wage system, are compelled by necessity to sell their labor power for much less than it produced.

### III. Suffocation by Wealth.

Of course, this capitalist wealth steadily increases because the ship of industry constantly yields new plunder to the piratical crew; and the rate of its increase augments with the increase of the difference between Product and Wages. Commerce, therefore, increases also. It must increase because there is more Product, more plunder to be exchanged among capitalists, although Wages remain the same, or may even decline, and the workers may consequently buy no more than before, or even less.

And right here an important discrimination is necessary to the correct understanding of the nature and direction of commercial growth.

Any reduction in the purchasing power of the workers injuriously affects those capitalists only whose means are invested in the production and distribution of “necessaries.” It affects, for instance, the farmer, the stock raiser, the grocer, the manufacturer of inferior fabrics and the clothier to whom he sells his goods, etc. It drives many such out of business, or bankrupts them entirely, or forces them down to a condition of life which makes them a class apart, a small “middle class,” so-called, hardly higher and perchance lower on the economic ladder than the wage-working prole-

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exportation. This overplus, after the deduction of expenses, is the real gain.” The sarcastic simile which he rightly uses in refutation of the protectionist fallacy can be applied with equal effect to his own free trade absurdity. For if, according to the protectionist theory, a nation could readily enrich itself by simply wrecking the incoming ships loaded with foreign goods before they reach their destination; on the other band, according to the free trade theory, a similar increase of wealth could be as easily obtained by sinking in the home port, before they leave, the outward bound ships loaded with domestic merchandise.

tariat. And it thus paves the way for the trustification of those oldest branches of industry and those ancient lines of petty trade, which are naturally the last to undergo the otherwise inevitable transformation, because the upward movement of capitalistic concentration cannot begin in them until they have reached the lowest possible point in their downward movement of disintegration and ruin.

But the great industries, and consequently the great commerce, which hardly existed except in embryo at the birth of the modern system of production by machinery, developed from the start in accordance with the capitalistic law of increasing concentration, unchecked to any extent by the resistance of established conditions. These are the ever more and more prosperous industries, despite the tremendous fall in the prices of their products, which is in singular and highly suggestive contrast with the relatively small decline and, in some instances, with the actual rise in the prices of the common necessities produced by the less thriving industries previously mentioned. Among them we find the mining industries (coal, copper, iron ore, and even silver, which, in spite of its enormous depreciation, and of the consequent lamentations of the silver barons, is more extensively produced than ever); the iron and steel industries, including machine shops; such lines of manufacture as elegant carpets, rich furniture; silk goods and the higher grades of cotton and woolen cloth; the building trades and the production of such materials — marble, stone, brick, timber, lumber, hardware — as they require; the railroads, telegraphs, telephones, shipyards, etc., etc.; in a word, all the industries and trades intended to crystallize labor into more or less permanent forms of property, owned exclusively by capitalists, or to produce luxuries chiefly consumed by the wealthy.

Since the whole of their product — less the insignificant portion of it which the working class may perchance be able to buy — is essentially capitalistic in its destination, it obviously represents a part of the surplus value created by the laboring class as a body on one side, and appropriated by the capitalist class as a body on the other side; the other part being wasted by the latter class in the procurement of domestic services and pleasures of various moral grades, from the elevating to the debasing, from the innocent to the vicious.

Now, this particular product — as we have already observed — not only is increasing in quantity and value, and in quantity more than in value, but its rate of increase is steadily growing. Yet the human labor power at the command of the capitalist class is far from being fully employed in times of greatest activity; the mechanical forces which that class can call into play, at a constantly reduced cost, challenge arithmetical expression, and the natural wealth which it must leave dormant above and below the surface of its immense territorial possessions is actually boundless. Its billions might be multiplied a hundredfold in a generation could it only turn its potential into kinetic power. No pious Russell Sage, put to sleep in his pew by a sermon on the vanity of riches, ever dreamt of such treasures in heaven as might be attainable in the pit of the Wall Street Inferno if... There is an “if.”

Let us see. Commerce, we said, is the agency through which the capitalists, by exchanging their respective merchandise for money, “realize” their respective shares in the surplus value created by labor; that is, are enabled to exactly measure the size of their plunder by the commonly accepted standard of value, and to give it the money form in which they can readily, with it, acquire any sort of property or command any kind of services that they may fancy. From all this it appears that, theoretically, commerce is only limited by the total quantity of product, which includes (1) the value of labor-power — e.g., the portion of that product that must be abandoned to the working class as wages — and (2) the surplus value which that labor produces over and above its own value. But we have seen that the wage workers’ portion remained substantially the same, while the surplus value appropriated by the capitalists increased at a constantly accelerating rate. Practically, therefore, the time comes when the capitalists of such a country as the United States, where this capitalistic phenomenon of a rapidly growing difference between Product and Wages is most accentuated, are confronted on all sides by an accumulation of commodities, which, ever so small as compared with the stupendous but unused forces of production at their command, challenges their power of exchange or waste.

They are actually, then, “smothering in their own grease.”

#### IV. Historic course of commerce

They must expand abroad or burst. At first, they seek only commercial expansion. They do not think, as yet, of territorial conquest. They do not even attempt, at the very beginning, to place themselves in direct relations with the possible consumers of their surplus by establishing abroad independent agencies; for this would involve some risk or expenditure, and, notwithstanding the popular notion that capitalists are indebted for their success to "intelligent enterprise," it is an undisputable fact that they are, as a rule, ignorant of economic conditions and financially timid. They simply, therefore, utilize such commercial machinery as they find in working order on those foreign markets which in the course of capitalistic development have become great centers of international trade.

For reasons of a character preeminently historical, those great marts have long been almost exclusively and are still chiefly located within the boundaries of the British Empire. While the other European nations were in a turmoil, struggling over the corpse of Feudalism, England was busily engaged establishing the new capitalistic order, and almost without a blow laying the foundations of her industrial, commercial and financial supremacy. She did not venture upon acquiring territory on the Continent, and she thus avoided giving umbrage to the great Powers, who, on their side, were only fighting for Continental aggrandizement at the expense of their immediate neighbors. She coveted only distant possessions, occupied by uncivilized natives, unrelated in blood, traditions and mode of life to the European races; the few detached strongholds which she had seized — such as Gibraltar and Malta — being necessary to the maintenance of her trade with the Levant and her maritime communications generally. These communications, this trade, which no other nation could then have undertaken to establish or maintain, were considered an immediate benefit to all rather than a possible source of injury to any. Insomuch as their effect was to spread the use of new commodities and indirectly to expand the foreign commerce of nations whose trade had long been almost entirely domestic and confined to the productions of their own territory; insomuch also as she afforded security to traveling adventurers irrespective of nationality or religious belief; and, lastly, insomuch

as she aided in the dissemination of the Christian faith among the "Pagans" — the Bible always closely followed the bullet — she was regarded and fondly regarded herself as the torchbearer of modern civilization. Not until capitalism had been well developed in such countries as France and Germany, and the same phenomenon of a glut of wealth in the midst of poverty which now confronts us confronted them also, did the capitalists of those countries, after vainly using the commercial machinery of England to realize their surplus wealth, seriously undertake, first, to set up a competing machinery of their own, and, finally, to conquer distant lands in imitation of Great Britain; in a word, to revive the old colonial policy with all the modern capitalistic improvements.

#### V. The First Step.

Such is also, most exactly, the course followed by our own capitalists.

At first they availed themselves of the commercial machinery of Great Britain to dispose of their surplus, which was almost exclusively, and is still chiefly, agricultural. This surplus was welcomed, not only by the advanced capitalism of England, but by the less developed capitalism of the European continent. It met everywhere a capitalistic need, which is most felt in the competitive stage, but becomes less imperative in the concentration period; namely, cheap food, through which money wages may be kept down, and profits increased despite the fall of prices. The tendency of all nations to adopt the capitalistic mode of production having become irresistible, their agricultural interests, so-called — by which is meant the interest of their agricultural land owner — had to be "sacrificed"; either openly as in free trade England, where the landowning aristocracy promptly accepted the inevitable, and sought compensation in all the new fields of mercantile venture; or under the cover of inadequate tariff protection in countries where the conservative landowning middle class was still a great political factor

So long as the American capitalists were able to "realize" at home — that is, to exchange among themselves — all that part of the surplus value created by American labor, which was not exported in the form of foodstuffs, cotton, and crude materials generally,

there was practically no competition between them and their "British cousins." Not only the latter, through their commercial machinery, distributed abroad the larger portion of the American exports, while handling and carrying also the American imports, but, through their financial machinery, they settled nearly all the American accounts with foreign countries, including those which, like Brazil and Japan, sold much to, and hardly bought anything from, the United States. Moreover, above the high tariff wall which the Americans had erected for the protection of their "infant" domestic industries, the British contrived to pour a stream of foreign manufactures, luxuries in great part, which the tariff patriots on this side of the wall appreciated the more highly, and purchased the more eagerly as their increasing wealth and tax-dodging made it easier for them to help supporting their paternal government by paying a customs duty when they could not evade it.

The British capitalists would have gladly poured over that wall a much larger stream, and never asked a pound sterling or gold dollar in return. Not that those among them who were engaged in manufacturing did not need money in payment for the goods they shipped, but that there were others, known as "investors," with large balances to their credit in the British banks, ready enough to buy American bonds, stocks or properties. By the mere stroke of a clerk's pen and a punching of checks, without the passing of any money from hand to hand, or from one side to the other of the ocean, the banks would settle accounts, the shippers would be paid and the investors would receive their stocks, bonds and other evidences or titles of property.

British capitalism had indeed reached that point where it was impossible for its beneficiaries to "realize" at home, by domestic investments, all, the surplus value which its possessions abroad enabled it to squeeze from foreign and colonial labor, in addition to that which its own domestic wage class was constantly yielding in increasing quantity, It vainly wasted in regal displays and Roman-like turpitudes a small portion of that burdensome wealth. It vainly encouraged its own government to waste another portion of it upon a gigantic navy and in wars with every savage tribe that could yet be found on this planet. It vainly lent money to every king, sultan, shah, pasha, and republic in

trouble. It vainly lost enormous sums in wildcat enterprises, engineered by "promoters" in all parts of the world. It even undertook to compete with itself by starting cotton mills in India, and contributed freely to the development of manufacturing industries in its colonies. It did everything it could to get rid of the pile except improving the condition of those who sweated and starved in building it up. Higher went the pile every day.

At any rate the English capitalists succeeded, as we previously saw, in absorbing American securities and property to a considerable amount, estimated at \$2 billion dollars: an estimate apparently confirmed by the actual balances found against the United States for a number of years, when in addition to imports and exports, all the factors above mentioned are taken into consideration.

Of course, those British investments did not help American labor in developing the country, as is frequently asserted by ignorant people. For, let us say it again, the function of capitalists is not to help labor, but to live parasitically upon its product. They may be stupid enough — as they are in Spain and some other undeveloped countries — to paralyze labor, and thus deprive themselves of much surplus value, which they would otherwise appropriate. But whether a country be owned by domestic or by foreign capitalists, its labor alone develops it, producing its own sustenance, and abandoning to its exploiters, to its owners, all its surplus products, including the ownership of the machinery with which it must work. Those British investments, therefore, are not represented here by any wealth that could not have existed without them. But they represent, in part at least, that portion of surplus value created by American labor, which American capitalists have exchanged with their British cousins for an equal amount of surplus value, chiefly luxuries, created by foreign labor; and in part also, probably, they represent profits made by the former in selling to the latter their stocks, bonds, etc., at a premium or increased valuation.

In other words, there has been between the domestic and the foreign capitalists a certain amount of commercial and financial operations, finally resulting in the transfer to foreigners of the titles to a certain amount of American property. This property was acquired with surplus value created by foreign labor and

wasted by domestic capitalists. The domestic working class is neither richer nor poorer than before; but to the extent of the labor employed in the industries now owned by foreign investors, a portion of that class is practically owned by those foreigners. Thus is the labor of one country, through its surplus value, used by capitalists to appropriate the surplus value of the labor of another country.

## VI. The Second Step.

But in a short period of years a great change has occurred; a change but slightly reflected in the returns of our foreign commerce, however significant and even startling these may be. Since the crisis of 1893, our manufacturing industries have developed enormously. Although the rate of wages may still be somewhat higher here than in other manufacturing countries, the American workers' productivity is so much greater, owing to the superior power of the machinery to which he is harnessed and the consequent intensity of his toil, that the difference in actual labor cost is in favor of the American employer. To this advantage must be added the vast administrative economies resulting from the concentration or trustification of industry, which has attained here a far higher degree than anywhere else.

That these advantages have been improved by our capitalists to the full extent afforded by the commercial machinery of Great Britain, appears from the large increase in the exports of American manufactures, chiefly through that machinery. That other means must now be devised to enlarge the foreign outlet is quite obvious. For, as we have just seen, the rate of surplus value has advanced in this country so much faster than the rate of production, and the latter has so far outstripped the rate at which the surplus value itself can be made to flow into the present reports of inter-capitalistic exchange, and be thus "realized" — converted into money, distilled as it were into purchasing power — that a crisis may well be apprehended. In other words, American capitalism has reached that point of "suffocation by wealth" to which reference has already been made in our previous remarks on this phenomenon.

The establishment of direct agencies abroad, necessarily involving the creation of a merchant ma-

rine and a strong navy to protect it, is consequently the second step which imposes itself upon American capitalism, just as it was the second one to be taken by the capitalists of Germany in particular. Such a step was advocated years ago by James G. Blaine, whose utterances on the subject were the mere public echo of opinions privately expressed by the more intelligent capitalists of his day. And a beginning has lately been made in that direction. Not only in Europe, but in South America, Asia, Australia, and Africa, branches of great American firms, banks, corporations and trusts are steadily increasing in number.

Here, however, a question arises; a question of worldwide importance. So long as the commercial machinery of Great Britain was almost exclusively used for the distribution of American exports, the competition between American and British manufacturers was naturally kept within narrow bounds. But with the establishment of direct American agencies, and all that this implies, the competition may become acute between the two countries, not only in the field of manufacture, but in the field of commerce. In this case the competition would, of course, be carried on upon the backs and at the expense of the laboring classes of the two countries, who would be arrayed in solid national masses against each other. Nevertheless, gigantic failures would inevitably follow.

But there is a factor of great and growing magnitude which we have not yet taken into consideration; namely, the Financial Power, through which the trustification of industry and commerce is being accomplished, first nationally, then internationally. Its origin, law of development, past achievements and final aim have been sufficiently set forth in the *Socialistic Almanac* (chapter on "Trusts"), and require here no further explanation. It is through this power that in various lines of production the American capitalism and the British have already become so intertwined, so merged into each other, that in the resulting body — syndicate or trust — one element cannot be known from the other. Not only British money seeking investment is as much valued in Wall Street as it ever was, but, for the first time in the history of finance, American money by the million is an active participant in the operations of Lombard street. Practically those two great streets are now one. A shock in one is immediately felt in the other. And while an economic



war between the two countries seems not only possible but inevitable when their respective mercantile interests alone are considered, the Financial Power may not permit it. It will, at any rate, endeavor to achieve peacefully and cheaply, by international trustification, the double result which such a war would in the end achieve at an enormous cost, to wit:— The universal supremacy of “Anglo-Saxon” capitalism and the universal subjection of Labor.

### **VII. The Third Step — Territorial Expansion.**

In the meantime a somewhat unexpected but welcome “complication” has precipitated the natural course of events. The golden opportunity afforded by the imbecility and impotency of Spain was not allowed to pass unimproved, and the capitalist class of the United States, through its Government, has now taken a third logical step, territorial expansion. A number of patriots, most of whom had nothing to lose but their wretched lives, and nothing to gain but wooden crutches, were sent to capture the Spanish Antilles and the Philippines. Observe that the distant Philippines were captured first. It was of the utmost importance — not strategically perhaps, but commercially beyond question — to have it so. At any rate they had it so.

The effect of this “grand coup” was magical. In the first place, so long as the war lasted, and so long, therefore, as the cooperation of the masses was necessary, it united the “twins” — Capital and Labor — as nothing but patriotism can unite them. The capitalist class immediately proceeded to “realize” some of its surplus value by converting it into United States bonds issued to carry on the war. For, it must be observed that, although a war is not fought out by capitalists, but by armies and navies, chiefly recruited from among the working people; and although these armies and navies are supplied with everything they need from bread to lead, not by capitalists, but by other working people; yet, by a miracle of the capitalist machine, the value — and more generally the triple value — of every morsel of bread that a soldier or sailor may eat, of every shot that he fires, of every gun with which he fires it, and of everything that is used or destroyed in the operation of war, is transmuted into eternal wealth by first taking the form of a government bond in the capitalist’s pocket; so that the more wealth is destroyed,

the more wealth there is in the capitalist’s pocket.

Next the capitalist class made a preliminary survey of its colonial domain; sent out its agents, scientific and commercial, to discover and report; ascertained not only the vastness and richness of its new possessions, but, in particular, the quantity, quality and cheapness of the wage slave labor added to its ownership of human forces. It is now busy combining, cooperating, drafting bills and franchises, and generally getting ready to confer upon ten millions of barbarians the blessings of sweat shop civilization and capitalistic freedom “à la Hazleton.”

There will be steamship lines subsidized by the Government and a powerful navy to protect them; ports and harbors to improve with public monies; also railroads and telegraphs, docks, warehouses, etc., to build and operate; also “municipal improvements,” trolleys, water works, gas works, electric plants, no end of enterprises. For a while, to be sure, the whole surplus value created by American labor will be easy of “realization”; that is, will be readily converted by American capitalists into the permanent forms of capital necessary to exploit their colonial labor.

Nor will British capitalists be denied a share in all those enterprises, either at their incipiency for adequate consideration, or, later on, at the current quotations of their watered stocks. “Business is business.”

Again, for many reasons that suggest themselves to any person sufficiently informed concerning the European antagonisms developed by the state of affairs in Africa and Asia, England cannot afford to quarrel with the United States. We have just observed that in the financial department of their respective capitalisms and in some lines of production and trade internationally trustified, their interests were either amalgamated or closely interdependent; and that further trustification, by making them altogether one, will create a mighty force, inaccurately perhaps, but significantly and defiantly termed “Anglo-Saxon,” capable of driving out of the world’s markets and confining within their respective territories the “patriotic,” divided and mutually hostile capitalisms of Continental Europe. There is, of course, no need — no immediate need, at least — of a formal alliance between the political governments of two capitalisms so tightly bound together as the British and the American are getting to be. Treaties are only made when the obvi-

ous purpose of the contracting parties is to violate them. As matters stand, it must be — it will be — “Anglo-Saxon Capitalism” against the whole world.

### **Conclusion.**

If it has been, made plain in the foregoing pages that the political developmental which we are witnessing are the logical, inevitable sequences of the existing economic conditions, and that these conditions are the logical, irrepressible effects of the capitalist system, the question will hardly be asked as to what the attitude of the Socialists is in this matter of Territorial Expansion. To such a query the only answer could be that a man in his right senses and honest in his intentions, does not “oppose” or “favor” the inevitable, although he may, by careful and extended observation, succeed in forecasting it.

The Socialists recognize the inevitableness of territorial expansion. They fully realize the enormous advantage that must accrue from it to the capitalist class. They admit that in so far as capitalistic enterprise necessitates the employment of labor, a small decrease in the present amount of enforced idleness may temporarily take place, but without any general or even partial advance in the rate of wages; because

the field of enterprise will chiefly be on newly acquired territories, whose abundant, cheap and acclimated labor will alone be required for colonial improvements, and may even soon be imported here for mining, agricultural and other purposes.

Looking beyond the mere morrow, the Socialists can scientifically foretell the resumption and acceleration of the fall of wages under the pressure of international labor competition, fostered and intensified (as previously explained) by international trustification to an even greater extent than it could be by international rivalry. The Socialists can likewise predict with certainty a stupendous increase of political corruption in the mad rush for colonial privileges, and a growth of plutocratic insolence commensurate with the enlargement of plutocratic empire and the enforced servility of the “inferior” races newly subjected to plutocratic dominion. (Of the vast military establishments, and of the gigantic wars on sea and land, which the assertion of “Anglo-Saxon” capitalist supremacy must develop, they do not attempt to speak in advance.)

But they can also confidently predict the far grander rise and irresistible advance of International Socialism, with which neither the plutocracy of England nor the plutocracy of America had as yet an opportunity to reckon.

*Transcribed by Adam Buick.*

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