

The statistics are not significant because of what they express in foreign trade alone. Trade in itself is not a cause of belligerency between nations to-day. The statistics of trade must be considered in relation to a nation's stage of economic development; they must be related to the whole process of industrial and financial activity and international trade.

The outstanding fact in this industrial revolution is that America, from a debtor nation, *has become a creditor nation*. Two years ago American Capitalism owed the world more than two billion dollars; to-day the world owes America nearly three billion dollars. Where this country previously imported masses of capital, to-day it is exporting capital, and is developing the power to export it in still larger masses. The loans to the belligerent governments, paying good interest, represent a financial reserve for the future. And these loans are steadily growing—at present they amount to more than \$2,500,000,000.

What do these economic facts, this accumulation of capital, signify? The accumulation of capital and the necessity for its export are the urge behind Imperialism. The export of capital lies at the very roots of Imperialism. The export of American capital to Mexico, and to Central and South America generally, has been the factor in the initial development of Imperialism in this country, with its menace to peace and freedom at home and abroad. How much more menacing will this Imperialism become when the export of capital assumes larger dimensions!

To-day, due to the war and as indicated in the statistics, the accumulation of capital in this country is proceeding at a terrific pace; and after the war means must be sought for its profitable investment. Undoubtedly, this capital could be profitably invested in this country; our resources and industrial capacity are as yet only slightly developed; but as the returns would be comparatively small and slow, foreign investments will beckon alluringly. Moreover, the investment of part of this surplus capital in this country, and the impetus it will give to the already tremendous expansion in production, will require new outlets in the way of foreign trade. But export trade to-day must largely be developed and financed through foreign investments. James

A. Farrell, president of the United States Steel Corporation, emphasizes the necessity of the export of capital, of investments, as "a commercial preparedness measure," as the means of increasing trade and exports by financing the needs of these growing countries "which are America's best customers." Great Britain's \$20,000,000,000 of foreign investments, according to Farrell, "retain and strengthen its hold on the neutral markets of the world." Accordingly, an irresistible tendency will arise to invest in undeveloped countries, where returns are both quick and large, and the profits dual—a profit on the actual investment in the way of interest, and a profit on exports which will be stimulated by the investments, as investments in undeveloped countries carry the proviso that the bulk of the purchases must be made in the country of the investor. This tendency is now active in the circles of financial capital, where systematic preparations are being made to secure dominance in the investment markets of the world, and through that dominance in export trade.

The political expressions of these economic forces of American Imperialism are clear and drastic:

Armed force, potential and actual, is required to conserve the exclusive interests of American Capitalism in Latin America, and preserve it for "our own" monopolistic exploitation; armed force and an aggressive foreign policy are required to maintain the "prestige" of the United States in world politics and guarantee American capital a preferential, or at least an equal, opportunity in Asia and the other undeveloped markets of the world; a strong centralized national government is required to back up Imperialism, and to secure a faithful and obedient Working Class the "just distribution" of the profits of Imperialism by means of slightly higher wages and social reforms; and an autocratic administrative control of industry is required to co-ordinate the vast economic units of to-day, and to free the energies of concentrated capital by governmental beneficence and by compelling small capital to compromise and satisfy its interests by sharing in the spoils of a triumphant Imperialism.

The central feature of this development is the unity of Capitalism and its conflicting interests into an efficient, systematized and