

THE TECHNIQUE OF MODERN DIPLOMACY

THE IMPERIAL DOLLAR. *Hiram Motherwell.*
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IT is only during the last ten or twelve years that Americans have been willing to admit that this country has long been pursuing an imperialistic policy. On the very eve of the World War the average American citizen was still insisting that the United States had no personal interest in the quarrels of foreign nations and had never sought to interfere with the internal affairs of others, except in the interests of justice and peace. To some extent this psychology still predominates vaguely among the masses, but our bankers and industrialists have frankly dropped the pose of Olympian detachment while the more sophisticated newspapers have quietly affected a political right-about-face.

Because Americans had in the past persistently refused to call a spade anything but an agricultural instrument, Europeans had come to consider us hypocrites. This was unjust. American hypocrisy was actually American ignorance. The people of this country, as Mr. Motherwell aptly points out, were very much under the influence of a debtor psychology inherited from the early years of national development. When a nation is in a pioneering stage, when it is borrowing capital, its sole international policy is to be let alone. It keeps an army exclusively for purposes of defense and idealizes physical isolation. When, on the other hand, it becomes a creditor nation, when it exports capital and imports dividends, it becomes an imperialistic power. It seeks to control the economic life of foreign countries, establishes spheres of influence and keeps an army to collect its debts. In short, it develops a creditor psychology.

America had been exporting capital for many years previous to the World War, but "new ideas always lag behind new facts." It was not until the entire world was seriously in debt to the United States, so much so that only a fool could have failed to understand the situation, that one began to hear less talk about this country maintaining its aloofness. Only in the Senate, where new ideas seldom penetrate, is this sort of talk still to be found, and even there little is said about American domination over the Caribbean. Since the situation is now so plain and the fact of imperialism so definitely acknowledged, it would be well for the layman to begin to study these economic processes which have been the concern of Wall Street for years.

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Mr. Motherwell begins his interpretation of American imperialism with a study of machine production, its nature, its capacity. He indicates briefly the relationship between overproduction and exportation of capital, traces the development of a nationalist policy and the subsequent imperial policy, and finishes by speculating on the blessings that may flow from financial prestige. He speaks of empire as a process rather than condition and defines this process as the wielding of power by one nation over another. Obviously, his definition rules out direct conquest and annexation as elements of modern imperial technique. Mr. Motherwell prefers to regard annexation as nationalistic, but he does not adequately explain how America's seizure of the Philippines is less imperialistic than England's treaty with Egypt.

Considered in these terms, the empire of the United States extends beyond Porto Rico and the Canal Zone. It includes Cuba, Nicaragua, Mexico and practically every other Central and South American country. Nor does it stop there. It cannot be doubted that America's influence over Canada is greater than England's. The latter influence is sentimental while that of the United States is economic. Mr. Motherwell correctly states that a war between this country and Britain would lead Canada to renounce her allegiance to Britain. Add to these tangible powers the tremendous but subtle influence over most of Europe that results from being the world's creditor and you have a pretty good idea of America's financial position. One need only remember that Europe hesitates to undertake a financial project without calling in the Messrs. Dawes, Young, Morgan and Lamont to be convinced that the imperial standard today is the dollar.

The metamorphosis of the United States from a debtor to a creditor nation has resulted in a change in internal as well as foreign policy. The restriction of immigration is one result. The extension of the Monroe Doctrine "to include American authority to intervene as and when American interests are involved" is another. The doctrine of isolation is indefinite yet but seems to be crumbling. The tariff policy is colored with imperial considerations. The doctrine of maritime freedom is also undergoing revision. According to Mr. Motherwell, the United States will enforce its conception of freedom of the seas when it is a neutral and limit it if it should become a belligerent. All these evaluations are directly due to the fact that whereas this country had a favorable trade balance of \$30 million in 1873, it had a favorable balance of \$837 million in 1928. There is nothing metaphysical about a nation's political technique.

On every one of these matters Mr. Motherwell is clear, concise and true to observable

economic laws. Where he is not quite so satisfactory is where he begins to speculate poetically. For instance, he is horrified by the clumsy, boorish tactics of American "statesmen." He wonders if a refinement of American methods would not cause the constituents of our empire to regard us with less animosity so that the empire would eventually begin to resemble a confederation of affectionate neighbors. This is sentimentality. Imperial nations are courteous and gentle only where they are forced to be so. If England is courteous to Australia, consider her relations with India and China. Consider the methods France uses in Morocco. America is brusque to Nicaragua because it doesn't have to be polite. It is polite to Argentina because it cannot afford to be brusque.

The interpretation of technique is a minor point, however, compared with Mr. Motherwell's notions about the benefits accruing from modern financial imperialism to both the imperial power and its empire. It is his claim that the health of the empire depends upon widespread prosperity and that the imperial nation can maintain its position only if it guarantees a flourishing economy to the nations dependent upon it. The flaw in this lovely argument is that capital is not static. Either the imperial power will expand, so rapidly that it will crush its dependents, or the dependents will develop to the point at which they will seek independence. As for the imperial nation itself, he proves that America has repaid its enormous trade balance by tourist expenditures and the importation of objects of art. For America, then, one of the benefits of imperialism is a cosmopolitan culture. The only answer to this sort of reasoning is to point out that Rembrandts bought at the expense of Haiti and Nicaragua are very insecure possessions. History has a way of obliterating glory, and Mr. Motherwell knows it.

BERNARD SMITH

