

# The Anglo-American Alliance

BY J. T. WALTON NEWBOLD.

THE Ruhr, and to a lesser degree, the Near East have for some months been absorbing practically the entire attention of all those interested in world politics. Yet, at this very time there has been taking place an enormously important orientation of forces in an entirely different quarter.

When the government of Lloyd George went out of office, it appeared as if the relations of Britain and the United States promised little peace for the near future. Lloyd George may be said to have been the spokesman and agent of the nationalist tendencies in British politics. He was the agent of the industrialists, and as such, he stood for a militant British assertiveness in the councils of the world. The policy for which he and his colleagues spoke was for a survival of the economic phase which had passed some time, prior to his resignation. The new forces, or rather the old forces which had regained economic power as a result of the long continued trade crisis, were those of the bankers and financiers. They had, gradually succeeded in undermining the economic power and political influence of the industrialists who had raised Lloyd George to the head of the coalition. Lloyd George, had he remained at the head of the government would probably have led Britain into a war with France, either indirectly in the East or directly in the West. He would not have been prepared to make the apparent submission to the United States with the same good grace as the government of Bonar Law and Stanley Baldwin, has done. He was associated in the mind of America with hostile oil interests in Mexico, the West Indies and Mosul. He was similarly committed to interests in the financial world hostile to the domination of Chicago and New York.

The government of Bonar Law, while not by any means likely to yield at all points to the United conservatives, has already taken a line which is calculated to bring the United States and Britain into alliance, though it would be difficult to say whether this policy only commenced with the entry of Bonar Law into the office. It would seem that for some time previously there had been unofficial approaches to America, made through banking and commercial magnates, and which may have had the tacit approval of the more conservative element in the Lloyd George government. During the year 1922, and especially during the latter half of it, the question which assumed the greatest importance for the government was not the Near East, but the question of arriving at a settlement with the United States Government on the matter of the debt owed to it. Coming events cast their shadows before and we can take it that the Geddes Committee on economy in public services, was appointed with a view to arriving at such a reduction of government expenditures as would make possible the payment of interest and sinking fund on the American debt. The recommendations of this committee have by no means been entirely followed out, but the money saved is certainly about equal to that required for the immediate charges on the debt to America. It is not always the more spectacular aspects of state policy which are worthy of our notice. The adventures of Great Britain in the East were nothing like so vital an interest to our governing class as some people imagine. They were in fact rather a last effort of an obsolete phase of imperialism.

All important as the question of oil is for the British Admiralty the question of finance appears even more important in the minds of the government as a whole. While the war had greatly enriched the manufacturers, ship-owners and certain other profiteering interests, their position had been undermined during the two years of depreciation by those other and older economic interests whose capital values, relatively depreciated during the

war, had rapidly appreciated during the last two years. In this country at any rate, the whole banking fraternity and the mercantile houses in the City of London have recovered the position they occupied in the national economy prior to 1914, but which they lost for a while during the war. They have, a natural prediction for friendly relations with the United States. British investments in South America are somewhere in the neighbourhood of £1,000,000,000 and that these, like holdings in Canada, Mexico and the West Indies would be endangered by any complications with America. We can understand how strongly their influence works for the achievement of an entente between the two English-speaking peoples. Sentiment may appear to be a link which binds these peoples together, but in reality it is a class bias an economic community of interest.

Turning now to America, we find that there also, as a result of the terrible industrial depression, the big industrialists have come once more under the domination of those financiers of Wall Street, from whose control they had managed to slip during the war period.

The Wilson Administration from 1913 to 1921 were a visible political expression of an effort at emancipation from Wall Street, vigorously attempted, and for a time successfully carried out by American industrialists. That is to say, with the building up of huge fortunes as a result of the expansion of American industry, to meet the demands of the war-years, American big business became more self-reliant, more self-assertive and more nationalist in character, and for a time revolted successfully against the big houses of Wall Street, whose power in American finance was built not so much upon American production as upon the service which they rendered to European capital, seeking to exploit the expanding agriculture, industry and trade of the United States. The greatest achievement of the Wilson administration was undoubtedly the setting up of the Federal Reserve Bank which sought to give American business men a financial service at home, guaranteed and controlled by the American Government. Just before America's entry into the war, the big corporation of business men and financiers connected with Rockefeller and the Chicago Produce Trade, thought to cultivate an American export and carrying trade and an American economic expansion which expressed itself sometimes in terms of decided imperialism. With the entry of America into the war, these interests sought to build up a great mercantile marine, built at the expense of, and constructed by the State and intended to provide American exporters and importers with transport under the American rather than a foreign flag. From 1917 to 1921, numerous corporations were founded and efforts made to foster American trade and influence throughout the American Continent and the Far East. Not only that, but efforts were also made to gain a financial footing within the British Empire primarily in Canada, but also in South Africa and India.

This was the inevitable corollary of the acquisition by the American capitalists of British holdings in American securities, followed as it was by extensive loans, to the British Government and the Allies. It seemed, until last year, that America intended to assert herself as a great world power in active opposition, not only in finance, but in trade and politics, to Great Britain. The same phenomenon of militant industrialism which expressed itself through Lloyd George and the coalition Government appeared also in America. The failure, however, of the gigantic promotions of the industrialists and the Trust Companies, for the purpose of developing export trade, and the calamitous failure of the American Mercantile Marine, built and promoted by the United States Shipping Board, together with the

added inability of Europe to do business with America, have, in America, brought in the same liquidation of bloated industrialism which we have witnessed in this country. The great financial houses of Wall Street, have once more come into their own and resumed their sway in the world of economics. Not only that, but the farmers of the Middle West, unable to sell their produce in any of the American or European markets, have also fallen back into the clutches of these same bankers.

Thus, while the Republican Party came into power in 1921 with a tremendous majority, to carry into practice this policy of splendid isolation and strident Americanism, the logic of events has compelled President Harding to bring his party into the service of its traditional task-masters and paymasters, the bankers of Wall Street in general and J. P. Morgan in particular.

The house of Morgan has been a concern for the active promotion of Anglo-American friendship and co-operation. During the war it was a buying agent for the British Government; it sold immense quantities of securities for the British Government which that government had taken over from its subjects; it acted as a loan agent for all transactions, the cumulative result of which is now seen in the stupendous debt of the British Government to America. In every scene and on every occasion, J. P. Morgan and Company have been the faithful friends and close collaborators of the British governing class.

While Americans have a very considerable influence in Paris and have certainly been behind the electrical industry and behind Loucheur, they are not likely for a single moment to be in sympathy with the policy of the French militarists and petty bourgeoisie which is responsible for the occupation of the Ruhr. They have no more use for French national assertiveness than for the national assertiveness of any other foreign imperialism. In fact, it is doubtful whether Morgan and Company favor imperialism at all. They are essentially the agents of the international bond-holding interests that are a force likely to favor the regime of the League of Nations which, there is reason to believe, has its active though secret aid at every turn. They also, like Bonar Law, desire tranquility. Tranquility is, of course, just what merchant bankers and bond holders want.

While it would seem at first sight that the Americans have driven a hard bargain with the British Government in the matter of the funding of the debt, it is now evident that the British have not done so badly. The Americans have quietly dropped the Shipping Subsidy Bill, which was causing intense anxiety to British shipowners and which, had it been proceeded with, would without question have resulted in the bankruptcy of British shipping or, at an early date, war between this country and America.

This abandonment of State guarantee for the American shipping industry means in effect, the

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