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The International Muddle

THERE is a close affinity between commerce and war. In fact, in modern times, the latter is merely a decisive point in the evolution of the former. Commerce, itself, is nothing more than a veiled form of war. Each competitor for world markets and routes of trade, must pursue a policy closely akin to that of the various contestants on the field of battle. Outwitting, outflanking, outbargaining, and outcheating its rivals is, obviously, the means adopted by each capitalist nation. Nor is this objective strictly limited to the commercial competitors of today. Ever since its inception the exchange of commodities has been accompanied by stealthy method and sharp practice.

The earliest traders of the historical period—the Phoenicians, Carthaginians, Greeks, Romans, and Germans, all found it compulsory to ply their calling by means of piracy and plunder. From the frail and isolated barques of Mediterranean traders to the mighty mercantile fleets of modern nations is, however, a long step. Many changes have taken place during the intervening centuries. Numerous methods have been initiated, and a multiplicity of modifications have resulted, as the changing modes of wealth production rendered obsolete the manners and customs of previous times.

But, undoubtedly, the greatest distinction between ancient and modern exchange is found in the fact that in former systems the peddling of commodities was only a side issue, something engaged in by a small percentage of the population, and only possible, at all, when a surplus existed. Production for use was the predominant feature of other societies and, until the wants of the producers were satisfied, there could be no incentive to swap anything with neighboring tribes. Today, on the contrary, the wealth of the world which, economically speaking, consists entirely of the products of labor is produced essentially for exchange. The use-values of articles of food, clothing, machinery, etc., are almost completely lost sight of, and whatever importance is attached to such values, is because of the fact that they must satisfy human wants of some kind, else, no demand for them exists and consequently, no profit can be realized.

Such a situation as this could not be possible so long as society supplied its requirements through the instrumentality of the family, guild, or domestic systems. Not until the age of the great mechanical inventions, and geographical discoveries, had industry developed to a stage where merchant, manufacturer, and financier could be completely divorced from a productive capacity and left unhindered to pursue their course of exploiting wage-workers, and forcing a market for their products into the remote corners of the earth.

As the new factory, or capitalist, system developed its adaptability to every section where suitable natural resources, and a sufficient supply of labor power, existed was soon discovered. Europe was the first continent to experience the ravages of modern commercialism. Its soil, climate, mineral resources, waterways, geographical position, and other factors of a favorable character gave to the trading class of Europe a marked advantage over that of other continents. But Europe is not a unified or solidified whole. It is broken up into many states, or nations, whose rulers' interests are not identical, and who bitterly compete with each other in order to dispose of those exchange values extracted from the workers of every section.

This competition engenders malice, suspicion, and hatred to a degree unthought of among primitive traders. From the beginning of the factory system up till the present, history records some of the most

curious alignments imaginable between different nations, and groups of nations, so that they may preserve their positions and gain fresh advantages in the commercial race. With that "Uriah Heep" duplicity which has ever characterized the profit-seeker one campaign would be scarcely completed when a shifting of forces became imperative, and those who had been bosom cronies in the last war became, on account of changing conditions, the opposing forces in the next.

The present world situation, especially as it manifests itself among the Allied victors of the recent war, portrays very well the lack of sociability that exists amongst the modern crusaders for world democracy. The ostensible reason for Britain's entrance into the conflict was the desire to guard the interests of her smaller neighbors. A truly commendable reason to say the least. But her political bedfellows—Japan and the United States were not convinced that the grievances of little nations warranted their interference. Something more enticing appeared on the horizon. There was now an opportunity to grab those markets which Britain, in her altruistic endeavors, could not well attend to. Had the Allied governments been a little more successful in their laudable work of exterminating Huns it is, indeed, problematical what the commercial outcome would have been. Britain would at all events have found it necessary to start in to clean up her friends when the other conflict was ended. The markets of the Orient and South America were rapidly vanishing, while financial jugglery more mystifying than the "Einstein theory," was resorted to by the U. S. and Japan to ensure their success over their philanthropic ally.

Britain's enemies, however, came to her assistance when her friends had failed. The march of Teutonic hordes in the direction of Paris compelled the U. S. to throw down the gauntlet if they expected to receive compensation for the vast sums loaned their associates. Of course, at that time, no patriotic Englishman would have accused America of mercenary motives. Now, even Horatio Bottomley can see through it. The Huns did it. Their great display of strength saved Britain from commercial failure at the hands of her friends. Peace, of a kind, prevails in the Allied camp for which Germany should be given the credit.

The signing of the Treaty of Versailles, and the adoption of a League of Nations (or robbers) opens up the old commercial sores again. During the war enormous quantities of goods were exported from America to all parts of the world. Not all of this was sold on credit. Enough was disposed of on a cash basis to give the U. S. control of practically the world's supply of gold. With this great gold reserve on hand, the outlook for a transfer of the financial capital from London to New York looked bright. Gold reserve is the basis of credit, and, now, with a strangle hold on the yellow metal, and business rapidly expanding, American financiers were assured that they were on a solid foundation and could well afford to extend credit with a lavish hand. Due to the martial proclivities of their industrial competitors, the American capitalists enjoyed such a season of prosperity as to leave them the richest capitalist class in the world. They soon lost faith in the democratic aspirations of their European associates. The commercial character of the whole campaign was plainly revealed to those who only a few moons previously could see nothing but a struggle between "freedom" and "autocracy." The old speeches of Washington, Jefferson, and others were carefully overhauled to discover words of wisdom anent "our" keeping our noses out of

entangling alliances with foreign, and particularly European, powers. "We" could not exist independent of all others. "We" had the gold, and the business, "they" nothing but anarchy and financial liabilities, so why continue relations?

But this idea of the premier commercial place being usurped by her non-combatant side-kicker was not looked upon kindly by Britain. With the war deck cleared of its debris, more attention could be given to trade expansion, and plans formulated to restore her lost prestige. The beef-eating descendants of Vikings and sea-rovers could still be depended upon to give a good account of themselves when their pockets were at stake, and the weak spots in the American armor were subjected to a critical analysis.

Although most of the European countries were heavily in debt to American capitalists, there happened to be some in other parts of the world whose balance of trade was in the opposite direction. Large quantities of raw material had been imported into the U. S. from Japan, China, Argentina, Chile and other countries, as well as silk, tea, vegetable oils, beef, hides, and fertilizers, which heavily over-balanced American exports of manufactured goods. This was the opening desired. Nothing could be gained by a military tussle, but much through diplomacy and propaganda. Britain must first attend to the education of Japanese, Chinese and South American merchants, and show them the necessity of always demanding gold in payment of all purchases made by American capitalists in their respective countries. The trade balances to those countries were against the U. S. but, still, their raw materials were urgently required, and the demanded payments in gold were readily acquiesced in. Of the total gold exports in 1919 of over \$368,000,000, the great bulk went to South America and the Orient.

Britain, on the other hand, has long controlled the market in exports of manufactured articles in exports of manufactured articles to these same countries, extending no material credits but demanding gold in payment, which, of course, is only fair, considering that her customers are making the same demands, through her counsel, on the U. S. In this way nearly all the gold that leaves America finds its way to Britain, so that the financial controlling aspirations of the U. S. bankers has, even at this early stage of the game, been rudely punctured.

Not only this, but in addition most of the raw material purchased by Britain comes from the American market. So far it has been paid for, not with gold, but with promises to pay. Britain retains the gold, and when American capitalists protest against such unfavorable exchanges, and threaten to curtail credits, the financial magnates of Fleet Street coolly retort that in such a contingency they must go elsewhere to secure their raw material.

The American exporters are shipping much of their material to the other Allied countries as well as England, but, as these are all financially insolvent, England being still the custodian of "little nations," pays their bills with her promissory notes, but in every case where she is selling them goods she persists in demanding gold, and also receiving it, so that the world's supply of gold continues to move in one direction—to Britain. Every dollar in gold exported from the U. S. can only mean increased credit contraction and, already, the gold reserves are below the danger point, and tending to make ever more precarious the position of the erstwhile confident and independent American capitalist. What this situation is in regard to Europe itself, we shall investigate in a future issue.

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