

tional capital. The strong influence exerted by the Wilson Administration upon the direction of A. F. of L. policies is being held out as bait to catch the remains of the radicals, while the promise of soft jobs in the form of general organizerships, etc., has drawn some of Gompers' personal followers into the enemy's camp.

That was the secret of the first "Indianapolis" victory last year in Buffalo and explains the ease with which Fischer and Ricker defeated the Gompers men. In Buffalo as well as in Minneapolis the "official" representatives pleaded for the reelection of the old candidates as a vote of confidence for the "most worthy president." Even the "welfare of the nation" was used as an argument for their continuation. And yet the others were victorious. Three of the eleven members of the Executive Council of the A. F. of L. are avowed opponents of the old regime, and before long Indianapolis will have full control, will be strong enough to aim directly at Gompers himself.

The socialist movement, of course, has as little to gain from the clericalized Indianapolis movement as from Gompers and Company under the direction of the White House. But it may offer one advantage. The slight liberal coating that Gompers, with his oily eloquence, gave to the A. F. of L. when occasion warranted, will completely disappear under the strictly conservative influence of the Indianapolis Militia of Christ. Their victory may serve to expose the danger that lurks behind the malicious policies of the A. F. of L. with its anti-labor position in all labor questions in all their hideous and repulsive nakedness. L.

* * *

IMPERIALISM IN ACTION

The institution of the Federal Reserve System during the first administration of Woodrow Wilson was an important development in the amalgamation of Capitalism and Imperialism. It realized, if not wholly, at least sufficiently for all purposes, the dream of finance-capital for a central bank. The older dream had been

a central bank completely dominated by Big Capital, an expression of the epoch when a few financial magnates maintained supremacy, often to the injury of Capitalism as a whole. But with the amalgamation of Capitalism and Imperialism into State Capitalism, with the disappearance of America's splendid isolation, and the recognition of the necessity of a united capitalist class in the struggles of Imperialism and to secure world power, the older conception of a central bank had to be modified. It could no longer be simply an instrument of Big Capital; dominantly and necessarily an instrument of finance-capital, the central bank under the new conditions had to make ample provisions for the lesser groups and interests of Capitalism, become the instrument of a larger Capitalism. The Federal Reserve System met these requirements adequately. It unified the banking system of the country, solved minor antagonisms and amalgamated Capitalism, and freed finance-capital for the struggle to secure the financial supremacy of the world.

The war offered a splendid opportunity for financial supremacy, and the Federal Reserve System, centralized in the Federal Reserve Board, responded successfully to the opportunity. Upon his resignation on August 9 as a member of the Federal Reserve Board, Paul M. Warburg, an active factor in the organization and operation of the Federal Reserve System, summarized its achievements in one sentence: "Nothing but mismanagement could wrest the financial premiership of the world from us." American capitalism has definitely emerged into the epoch of international Imperialism.

The financial supremacy of the United States in world affairs is a direct consequence of its developing Imperialism. The centralization of the banking system, itself an expression of the amalgamation of Capitalism and Imperialism in State Capitalism, was a decisive instrument of action, the war accelerating the process by means of an unusual opportunity. Mr. Warburg, in an interview in the *New York Times* of August 18, pictures the process in excellent terms. Speaking of the form of the Federal Reserve System, he says: