

"From a technical and banking standpoint, it might have been a better system to have one central bank with branches. Centralization is always an economy of power and makes for greater efficiency. For political and other reasons it was essential to have the system as it is, and the proof of its wisdom lies in its success. With political economic and social conditions what they are, a central bank would be likely to become the target of constant political attacks. There would always be suspicion of too extended a concentration of control either by capital or 'politics.' The present form offers a better protection in this regard, and the present system ought therefore to be better protected and to have better chance for untrammelled development than a full-fledged central bank."

The "political, economic and social conditions" mean the epoch of Imperialism, wherein finance-capital becomes the instrument of the whole of Capitalism, and not simply of a few dominant groups; wherein the process of expropriation takes a new form, being no longer dominantly the expropriation of one capitalist by another capitalist within the nation, but the expropriation of one national Capitalism by another; and the unifying of the national forces of Capitalism for the struggle to acquire world-power. Describing the achievements of the Federal Reserve System, Mr. Warburg says:

"We have brought into effective co-ordination a large portion of the country's banking reserves. We have regulated and brought about a general understanding of modern methods of re-discounting. We have created a world-wide market for bankers' acceptances, so that American trade is now largely financed by our own acceptances instead of by foreign ones, and at the same time our member banks now have an easy means of recourse to the Federal Reserve banks in case they wish to replenish their reserves.

"We have established fiscal agency relations with the Government and perfected an instrument which has proved of the greatest value in placing our issues of Government securities. . . I believe I may say the world marvels at the ease with which we are constantly transferring hundreds of millions of dollars without creating any disturbance. Without the Federal Reserve machinery of clearing through the gold clearing fund and without the redeposit organization developed by them, acting as agents for the Government, that would have been entirely impossible.

"The Federal Reserve clearings per day amount now to over \$400,000,000. For the first time in our history American banks have gone into foreign countries and opened branches—in Asia, Central and South America—as adjuncts to our growing trade."

Mr. Warburg realizes that these problems of finance are not simply problems of the banks, but of the whole of Capitalism. He

realizes, moreover, the tendency toward the amalgamation of Capitalism and Imperialism into State Capitalism:

"In Europe after the war, the most efficient Government promotion of industries in many lines will be held to exist in actual Government ownership and operation. More than ever will states become solid industrial and financial unions effectively organized for world competition, driven by the necessity of perfecting a system of the greatest efficiency, economy and thrift in order to be able to meet the incredible burdens created by the war.

"In this world of the future we shall have to maintain our own position, and it requires on our part thorough organization and steady leadership. Under our democratic system this cannot be furnished by changing party governments, but can only be provided by fairly permanent, non-partisan and expert bodies. These bodies must combine the judicial point of view with that of active and constructive business minds. They must be able to act as expert advisers to Congress and to the industries concerned. They must break down the suspicion and prejudice of Government against business and business against Government. They must stand for the interest of all against the exaction or aggression of any single individual or group, be it called labor or capital, carrier or shipper, lender or borrower, Republican or Democrat.

"Our ability to handle effectually the great economic problems of the future will depend upon developing boards and commissions of sufficient expert knowledge and independence of character. This will be possible only if both Government and people fully appreciate the importance of such bodies, so that the country may find its ablest sons willing to render public service worthy of the personal sacrifice it entails. . . .

"It appears inevitable that America will be one of the dominating financial powers in the coming era of peace. Indeed, if we play our cards right and if the war ends within a reasonable time, we should be the dominating financial power of the world. When peace comes we should command the three essentials that would assure us an unassailable strategic commercial position—the raw materials, the ships and the gold.

"The world at large is indebted to us. Nothing but mismanagement could wrest the financial premiership of the world from us."

This is an excellent description, by a dominant actor on the stage of finance-capital, of the characteristics of Imperialism. "More than ever will states become solid industrial and financial unions effectively organized for world competition"; boards of experts are to become the real governing factor in State Capitalism, since the problems are complex and technical, and continuity of policy, (which the laggard bourgeoisie of Finland wish to secure by means of a Prussianized monarchy), is indispensable to