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IIRE Working Paper Number 39:

Why Some Are So Rich: What's Imperialism Got To Do With It?

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Introduction  

Over the course of the past few centuries, the global economy has been characterized by a marked rise in inequality between the so-called First and Third worlds. Quibbles in the literature notwithstanding, the broad trend is unmistakable: according to Paul Bairoch's summary of the estimates, the differential between “future developed countries and the future Third World” circa 1750 was on the order of 1 to 1.1-1.3. Today, the same gap is estimated at 1 to 10, possibly greater. As Giovanni Arrighi observes, “over the past two centuries, the increasing independence of the Western and non-Western worlds has been associated not with the convergence hypothesized in the Communist Manifesto but with a huge divergence.”

Naturally, this has invited a series of explanations, aiming to explain both the initial 'take-off' in the now-developed world, as well as the fact of consistently growing international inequality. There are those, for example, who would invoke the propitious values of Western civilization. In this vein, David Landes' recent work argues that the more tolerant disposition of Western cultures contrasted favorably with the intrusive and bureaucratic mores stifling innovation in the East. The implication, of course, is straightforward: to the extent that the East can cast aside the shackles of this cultural hangover, it will be well-placed to catch up.

Separately, a series of theorists have understood persistent underdevelopment as a product of State failure—very roughly, the shared argument, here, is that the virtues of self-sustaining capitalist growth can accrue to the Third World, provided its institutions be appropriately enabling. Of course, depending on what one thinks crucial to a propitious context, one's injunctions will be more or less demanding. At its least exacting, the position guides the prescriptions of mainstream economists, for whom tweaks to the institutional order (i.e., a thin, 'nightwatchman' State presiding over a climate conducive to private investment) are sufficient. At the other end lies a different tradition of development economists, for whom the obstacles are altogether more formidable. Here, the broad consensus is that the State has to meaningfully confront two challenges: first, the overhaul of pre-capitalist social relations in agriculture, which inhibit the formation of a workforce and a domestic market; and second, the construction of State capacity with a view to building a internationally-competitive industrial base. As Vivek Chibber has argued, though, even in those cases that a State recognizes these as its goals, success is far from guaranteed.

Otherwise, there are a series of explanations that have more public affinities to Marxism and the Left. Most famous among these are the world-systems and dependency schools. Roughly, the orienting claims, here, are that Western take-off was rooted in Europe's unique success in maneuvering for control of surpluses in a early, globalizing economy, and that the consequently unequal structure of the world economy has tended to 'lock in' international inequality. Understandably, the implications of these arguments are typically severe. Short of some form of overhaul of the global economic order (or, perhaps, 'autarky'), sustained economic development across the periphery is considered more-or-less impossible.

1 Bairoch 1995, p. 106.  
4 Landes 1999.  
5 Chibber 2006.
It goes without saying that this broad typology omits much that is distinctive about important, individual accounts of development and underdevelopment, many of which sit between, if not outside, the positions enumerated above. Nonetheless, it is sufficient to motivate this paper's aims, which are decidedly more narrow in scope. The purpose, here, is to assess the importance of European imperialism as a factor in that region's economic development. Western geopolitical hegemony is consistently adduced, most frequently on the Left, as a leading explanation of Europe's distinctive economic success. I will argue, however, that a cursory review of the facts shows this position to be basically unsupportable.

To this end, this paper puts forward two theses. First, I argue that imperialism is unimportant to explaining the initial take-off in European growth, which was a consequence, instead, of propitious but entirely endogenous transformations of its social structure. Second, it is clear that even through the modern heyday of European empire (ca. 1830 to 1914), none of the arguments highlighting the exceptional benefits of colonial possessions (the import of raw materials and the export of manufactured goods, the export of surplus labour, and the possibility of super-profits on capital exports) are empirically sustainable.

Of course, even if imperialism can't explain take-off, and did not bring exceptional benefits to European populations at-large, this does not mean that it was without economic consequences. Empire did benefit certain segments of the metropolitan population, which helps explain its persistence as policy. Moreover, the impact of imperialism on the periphery was certainly severe. In this sense, because European imperialism mattered to the underdevelopment of the Third World, it bears emphasizing that the phenomenon is relevant to any thorough appraisal of global inequality.

I. European Take-Off: Did Imperialism Produce Capitalism?

The Long 16th Century

As mentioned, for several theorists with close affinities to the dependency/world-systems school, the explanation for European 'take-off' lies in the region's ability to take exceptional advantage of the growing commercial network that emerged in the interstices of a moribund feudalism—roughly during what Immanuel Wallerstein calls 'the long 16th century' (1450-1640). Though the arguments vary in their empirical details, they share this claim that the rise of Europe was a consequence of facts exogenous to its own social structure.

For Wallerstein, for example, who advances arguably the most well-developed of all the accounts of this development, the collapse of an earlier world removed fetters on the expansion of international commerce. As a trade-induced international division of labour subsequently evolved, regions of the congealing world-system came to constitute its core, semi-peripheral, and peripheral zones. While Wallerstein adduces a series of mechanisms that both explain and 'lock in' the transfers of surplus across regions (the nature of the commodities each zone produces, the system of labour control employed in their respective production, and the varying strength of the States in service of regional interests), these aren't our concern, here. Rather, the relevant point for this essay is that Wallerstein

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6 For the most part, this paper is concerned with formal imperialism—that is, that aspect of European hegemony that was expressed in effective control over foreign territories. Such are the arguments advanced in favour of empire's significance, however, that I will occasionally consider the importance of more informal forms of empire (especially, in the second section of the paper, the dividends of European trade with an underdeveloped periphery).
believes Western Europe's success in positioning itself at the head (or, core) of this evolving world-system to be, at least partly, a consequence of its concomitant colonization and plunder of the New World. In Wallerstein's list of four 'striking things' about Europe's 16th century ascent, the first is Europe's expansion into the Americas.\footnote{7}{Wallerstein 1974, p. 128.}

Similar claims are advanced more strongly by Blaut, in The Colonizer's Model of the World. For Blaut, colonial enterprise around the time of Europe's ascent (which he dates to 1492)\footnote{8}{Before 1492 there was slow growth in Europe, perhaps even a downturn. Certainly—and this is accepted by the majority of European historians—no truly revolutionary transformation was underway in 1492. Within a few decades after 1492 the rate of growth and change speeded up dramatically, and Europe clearly entered a period of rapid metamorphosis. There is no dispute about this fact, which is seen in the known statistics relating to prices, urban growth, and much more beside...” (Blaut 1993, p. 187).} was foundational to Europe's subsequent and unique emergence from a proto-capitalist phase (which, for Blaut, was common to societies across Asia and Africa at this time). These overseas 'investments' were the work of a privileged class in Europe, who “took its profit from American enterprise and invested part of it in Europe, buying land and developing commercial agriculture, developing industries.”\footnote{9}{Blaut 1993, p. 188.} Blaut adduces as many as six sources of surplus, which were the result, exclusively, of Europe's adventures: gold and silver mining in the Americas, plantation agriculture (principally in Brazil), the trade in spices, cloth, and the like with Asia, the profits made by European investors on general enterprise in America, the profits from slaving, and the rewards of piracy.\footnote{10}{Blaut 1993, p. 188.} It is, to reiterate, the flow of this surplus capital into Europe that is supposed to have unleashed a whole series of secondary effects, “including agricultural expansion and transformation, primitive manufacturing, urbanization, and expansion of rural settlements and the commercial economy,”\footnote{11}{Blaut 1993, p. 196.} all of which culminate in what Blaut understands as Europe's decisive ascent.

For both Wallerstein and Blaut, then (as well as for others in this school), European hegemony in this mercantilist world was instrumental to its subsequent economic success. At its strongest, the argument is that absent these various sources of plunder overseas, Europe's 'take-off' into capitalist development would have been unthinkable.\footnote{12}{There is a weaker version of this argument, which this paper can't address directly. Acemoglu, Johnson, and Robinson, while acknowledging O'Brien's argument that profits on trade were economically insignificant, argue that it induced institutional changes that stood Europe on the track of economic development (Acemoglu, Johnson, and Robinson 2002).}

Certainly, there's no doubting the fact that much was plundered from the periphery. But, as Patrick O'Brien has noted, Wallerstein and others make no attempt to quantify exactly how much. Their method, instead, has been to “expand micro evidence into macro generalizations,” without calculating how much “this commerce between continents really add[ed] up to over long cycles between 1450-1750.”\footnote{13}{O'Brien 1982, p. 16.} The work of doing this reveals, quite decisively, that fortunes from various forms of commerce with the periphery represent, at best, only a fraction of what the world-systems/dependency position implies. And it could scarcely have been otherwise; as he writes elsewhere, “the commerce of that era seems to have more in common with its medieval past than with the kind of international economy that stepped into prominence after the coming of the railways.”\footnote{14}{O'Brien 2005, p. 77.}

All indications are that a significant uptick in international commerce occurred only around 1650. But
even in the late 1700s (in other words, a gross overestimate of the extent of trade at the time of the world-system's apparent emergence during Wallerstein's 'long 16th century', 1450-1640), available data indicates that European exports and imports to the periphery amounted to no more than 1% and 2-4% of total economic output, respectively. Even for those countries especially engaged in trade with the periphery (such as Portugal, Holland, and Britain), estimates are in the single digits; and as late as 1846, for these the same three countries the ratio for both imports and exports to income never exceeded 15%. Understandably, then, profits from this trade could never have represented a very significant part of total capital formation—O'Brien's estimates for Britain, which was the most involved in trade with the periphery in the late 1700s, suggest that a maximum of about 15% of gross investment expenditures undertaken during the Industrial Revolution had their source in commerce with the periphery. Reliable estimates for the earlier period (i.e., the period of 'take-off') are not possible, but the figure would almost certainly be much, much smaller.

O'Brien also rejects the specific claim that the extraction of bullion from the Americas was crucial to the development of capitalism in Europe. While the world-systems/dependency school divines several mechanisms for its importance (relieving a monetary constraint, facilitating the expansion of international trade with Asia and the Baltic, exercising an upward pressure on price levels which encouraged investment by redistributing income upwards), again not enough effort is exerted to establish the scope of these effects (or, in the case of the last, its theoretical coherence). When one does this, the implications are underwhelming.

First, the actual volume of bullion imported from the New World is not as significant as often suggested, adding no more than 25% to the existing stock of silver and gold by 1650. O'Brien further notes that Europe's 'silver famine' had already been addressed by the late fifteenth century, through the expansion of production in Europe's own mines. Moreover, bullion, imported or not, was not the only solution to monetary constraint: the velocity of circulation was increased, and debasement frequently resorted to. Finally, it is true that gold and silver (again, imported or not) mattered for trade with Asia and the Baltic. But, as previously mentioned, trade with the former region was tiny, as a proportion of economic output; and, though Baltic imports were more important, they weren't much more so (supplying not more than 1-2% of total European consumption of grain, for example).

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15 1% is the figure O'Brien calculates for the percentage of Europe's gross national output exported to Africa, Asia, Latin America, the Caribbean and the southern plantations of the US, in 1780-1790. 2-4% is a figure I've calculated, on the basis of O'Brien's estimates that roughly 25% of imports came from the periphery, and imports represented a maximum of 10-15% of GNP (O'Brien 1982, pp. 4-5).
18 Wallerstein, for what it's worth, agrees that the exchange of luxuries with Asia was not large enough to "sustain so colossal an enterprise as the expansion of the Atlantic world, much less [could it have accounted] for the creation of a European world economy" (Wallerstein 1974, p. 42).
19 "The inflation created a redistribution of incomes... It was... a method of taxing the politically weakest sectors to provide a capital accumulation fund which could then be invested by someone... The argument, remember, is not only that there was a profit windfall, but that inflation encouraged investment" (Wallerstein 1974, pp. 83-84).
20 Wallerstein does discuss much of this with a critical eye (even citing Miskimin, who O'Brien uses in his rejoinder), but the overall conclusion is still incompatible with the evidence O'Brien presents (see Wallerstein 1974, pp. 71-77 and p. 128-129).
O’Brien points out that only one-third of Baltic imports were paid for with bullion; the other 70% were covered by commodity exports, or the sale of Dutch and English shipping/mercantile services.25

It's worth emphasizing, here, that the Wallerstinian position has to contend with one other fact about the age of mercantilism: namely that, with the exception of Britain and arguably Holland, the principal powers of this period remained undeveloped despite formidable imperial acquisitions. Portugal, for example, whose conquest of Ceuta in 1415 opened the first phase of Europe's imperial age, saw no meaningful multiplier effects from the revenues it would accumulate over the subsequent centuries. As O’Brien writes, “at no time during the country's long involvement with empire and expansion overseas, 1415-1815, had the inflow of revenues accruing from plunder, conquest, trade and from servicing the international economy, been allocated towards the creation of an alternative, less vulnerable and productive base for agriculture and/or industry within the borders of Portugal.”26 Likewise, Spain, who presided over one of the largest Empires in world history until the loss of its American possessions at the beginning of the 19th century, remained mired in long-term “economic retardation,” only “converging towards northern European levels of productivity after the Second World War.”27 While Empire is hardly responsible for this—as noted earlier, all indications are that linkages with the periphery were too small to be of serious significance, positive or negative28—it is the case that colonization probably helped stabilize the power of the traditional order.29 As Ellen Meiksins Wood writes, “Spain, the dominant early colonial power and the leader in 'primitive accumulation' of the classical kind... expended its massive colonial wealth in essentially feudal pursuits.”30

Brenner

O’Brien's work on the empirical foundations of the world-system/dependency position is complemented well by Robert Brenner's famous essay on the position's 'Neo-Smithian' assumptions.31 Though the argument is quite involved, in its details, the crux of Brenner's rejoinder to what he calls 'the commercialization model' is fairly straightforward. Recall that in Smith, the prime mover behind productivity increases in the European economy is the expansion of opportunities to produce for a growing market—often, for the proto-industrial towns that had grown fat on the dividends of Europe's mercantilist hegemony.32 Roughly, the claim is that the commercialization of agriculture (which, as I mention below, was critical to Europe's 'take-off')33 proceeded in this way. A new mode of production

27 O’Brien and De La Escoscura 1998, p. 45. Maddison's figures on per capita GDP levels from 1500 to 1800 bear this out. While Portugal and Spain's per capita GDP grew 22% and 29% between 1500 and 1600, over the next two centuries their growth rates were 25% and 18%, respectively. The UK's per capita GDP level, on the other hand, grew 36% between 1500 and 1600, and 75% between 1600 and 1800 (see Maddison 2003).
28 “The albeit imperfect data... suggests that most of the relevant ratios (including trade to gross domestic product, emigration to total population and imports of bullion to domestic product) are simply too small to explain more than a fraction of Spain's overall record of economic growth between 1492 and the loss of its American colonies, 1808-1824” (O’Brien and De La Escoscura 1998, p. 45).
29 “Guaranteed flows of bullion also formed the basis upon which Spanish kings could borrow money from European bankers and merchants. It substituted for taxes and provided the security for the rapid accumulation of an enormous royal debt. Bullion not only underpinned regal power but augmented the incomes of the aristocracy and thereby reduce their rapacious tendencies to prey upon the crown estate or to use their territorial powers and property rights to extort rents from merchants, businessmen and towns. In short, colonisation helped to consolidate and stabilise traditional institutions and structures of power, status, and property rights within Spain.” (O’Brien and De La Escoscura 1998, p. 43).
32 See Brenner's summary of the 'Smithian' thesis (Brenner 2007, p. 50)
33 Wallerstein, correctly, observes the same. While the world-systems/dependency position does identify the beginnings of
emerged as producers responded to the possibility of production for profit.34

In his critique, Brenner points out that this argument is compelled to rely on a transhistorical (and Smithian) assumption of how producers respond to expanding market opportunities—the wager is that, universally, they will specialize in search of gains on the market, which by developing the division of labour and fostering competition, advances productivity.35 But a thoughtful inspection of the social structure of feudalism, Brenner argues, reveals that neither of feudalism's two constitutive classes—peasants and lords—actually exhibited economic strategies that aligned with these expectations.

On the one hand, peasants, Brenner suggests, valued their access to the means of subsistence, above all else—a strategy that he labels 'safety-first.' They weren't compelled to innovate or specialize because their economic reproduction was guaranteed outside the market. As long as they weren't required to out-compete other producers in pursuit of their daily bread, they wouldn't. This didn't mean that peasants never pursued production for the market; but it does mean that, even if surrounding markets were relatively well-developed, their priorities always lay elsewhere. The overwhelming imperative of ensuring a stable supply of food foreclosed a strategy that would require surrendering to the vagaries of market competition.36

On the other hand, for lords, the task of imposing systematic productivity increases on peasants was, Brenner argues, a step too far. Both because peasants possessed their own plots, surrendering labour and/or produce only under compulsion, and because lords had no regular recourse to the threat of expulsion, “lords found the supervisory costs of securing satisfactory work too high to justify much agricultural investment or innovation.”37 Note that this is not to say that lords had no interest in procuring ever greater quantities of produce, from peasant producers. On the contrary, the pressures of inter-lordly competition did demand larger surpluses. But it is to suggest that, because of the prohibitive costs of organizing and forcing technical change on peasants, they invariably sought recourse to alternative strategies (namely, extending the area of cultivation and accumulating political capacity).38

What Brenner's argument suggests, of course, is that the mechanism driving the transition, in early modern Europe, could not have been the expansion of market opportunities owing to growing capitalism in the urban centers of the late medieval and early modern periods, there is a recognition, at least in Wallerstein, that self-sustaining growth, leading to industrialization, presupposed the commercialization of agriculture. “The emergence of an industrial sector was important, but what made this possible was the transformation of agricultural activity from feudal to capitalist forms” (Wallerstein 1974, p. 126; see also pp. 116-117). O'Brien quotes Fernand Braudel expressing an observation on which this insight is based, namely that much of the obsession with merchants and towns obscures the fact that the vast majority of humanity lived elsewhere: “‘[I]t was overwhelmingly a world of peasants and of the tenant farmers and landowners; crops and harvests were the vital matters of this world and anything else was superstructure, the result of accumulation and of unnatural diversion towards the towns. Peasants and crops, in other words food supplies, and the size of the population silently determined the destiny of the age.’” (O'Brien 1982, p. 18).

34 As Wallerstein writes, “We must persist a little longer on this question of the development of western European agriculture and why it could not take the route of eastern Europe: large estates with coerced cash-crop labor. It was, in the end, because a capitalist word-economy was coming into existence.” Wallerstein proceeds to suggest that it was the different options open to landlords all searching for profits on an expanding world-market that explains the famous divergence between Western and Eastern Europe (Wallerstein 1974. pp. 110-111). The “overall picture” for him, is that “wage labour and money rents” were emerging in Northwest Europe as a response to a widening market, and the consequent agricultural specialization of the core (Wallerstein 1974, p. 16).

36 Brenner 2007, p. 66-70.
37 Brenner 2007, p. 70.
international trade. The argument Brenner does advance, for feudalism's demise, is not particularly important in its details, here; famously he argues that capitalist social-property relations emerged, only in certain parts of Europe, as the unintended consequence of the struggle between lords and peasants in the context of the crisis of the 14th century. What matters, for our purposes, is that capitalist take-off in Europe is decidedly the product of facts endogenous to its social structure.

One issue does, perhaps, need clarification. Brenner's disagreement with Wallerstein doesn't only concern the factors driving the transition to capitalism, but is also, in no small part, a clash over what, exactly, capitalism denotes. For Wallerstein (like Smith, again), the signal feature of capitalism is production for profit on the market—while Wallerstein acknowledges that this pre-exists the modern world-system, he identifies capitalism as a system in which production for the market predominates (the implications for social structure, as we've seen, vary regionally). As Brenner notes in his critique, Wallerstein's corollary conception of economic development is thus quantitative—capitalism emerges as the accretion of decisions taken by producers to respond to the call of growing markets.

Brenner's conception of the distinction between feudalism and capitalism, on the other hand, is sharply qualitative. The economic strategies of peasants and lords generate distinctly feudal developmental patterns, and it is only with the clean break from the social-property relations that undergird those 'rules of reproduction', in the form of the transitions of the early modern period, that one begins to observe identifiably capitalist laws of motion. Put differently, it is only once producers are divested from independent access to the means of subsistence, and appropriators subject to the pressures of market competition, that one observes the systematic tendencies towards increasing labour productivity that marks capitalist take-off. Note that, as Brenner argues, the development of meaningful capitalist industry presupposes this initial transition: the development of labour productivity in agriculture and (tragically) the expulsion of the direct producers are prerequisites for the creation of a home market and a workforce for industry, respectively.39

In short, in light of these objections, the position that European imperialism was a decisive factor in its 'take-off' to self-sustaining capitalist growth seems both empirically and theoretically untenable. As O'Brien observes, though commerce with the periphery existed, its significance pales in comparison to intra-European economic activity. And even if commerce with the periphery had been orders of magnitude larger, and urban markets consequently more well-developed, Brenner's argument strongly suggests that the social structure of feudalism would have been impervious to their influence.

II. Benefits to Europe: Does Empire Make You Rich?

The fact that European imperialism does not explain European take-off, though, is hardly the end of the controversy. A weaker, much more frequent claim is that European imperialism, even if it can't explain the origins of capitalism in Europe, certainly played an important role in making Europe as wealthy as it became.

Two caveats, first.

The concern, in what follows, is mostly with what can be thought of as the second wave of European imperialism—that phase of European expansion that can be dated, roughly, to the French conquest of Algeria in 1830, but that had its most clear-cut expression in the 'Scramble for Africa' towards the end of that century. It is in the years of the 'new imperialism' (the last two decades of the 19th century),

39 As I noted earlier, Wallerstein seems to agree (see FN 33).
within this period, that Europe and its possessions went from covering 67% of the world's surface, to an extraordinary 84%. By 1913, European colonies included eleven times more land and eighteen times more people than the areas and populations directly ruled by European imperial governments.

There's little reason to assess the argument for the economic benefits of Empire in the context of the first, 'mercantilist' wave, given that the central fact about international trade in this later period (namely, that links to the periphery/colonies were economically relatively marginal), applies only more strongly to that first period, which, as I argued, predates the meaningful expansion of international trade.

Figure 1

Moreover, much of the following focuses on the British Empire, for good reason. As O'Brien writes, “...the macro-economic significance of empire for the rise, growth and decline of the British economy remained far greater and persisted for longer than it did for any other nation in Europe with the possible exception of Portugal.” One indication of this is the share of commodity exports that European powers sent to their empires: from the late 1700s to the 1930s, the figure is highest for Britain. France consistently exports at roughly half of Britain's level (in percentage terms), while Spain and Portugal begin at a similar level (40-50%), but drop off drastically as the nineteenth century proceeds. For

40 O'Brien and De La Escoscura 1998, p. 60.
41 O'Brien 2005, p. 86.
42 To be fair, as regards the UK specifically, O'Brien does advance a 'middling' position on the importance of British investment in its fiscal and military State between the Glorious Revolution and the Treaty of Vienna. His position (which, interestingly, is not unlike Offer's later critique of O'Brien's argument that the Empire wasn't important, after 1846) is that Britain's empire mattered to its ability to take advantage of foreign trade, which was important for the larger trajectory of the British economy in this period. For O'Brien, histories of the Industrial Revolution which stress only 'endogenous' dynamics overstate the case. While this paper can't address O'Brien's argument in detail, his position seems odd. Given that the economic weight of foreign trade as a percentage of GDP was weak (O'Brien notes this, but thinks that this isn't the appropriate measure), one can acknowledge spin-off effects but still maintain their relative insignificance. Regardless, O'Brien remains explicit in distancing himself from the 'world-systems school', seeking only to correct a trend in the historiography that, in his opinion, unduly discounts the importance of changes in the English state. Insofar as he stresses his unwillingness to make 'commerce and imperialism' into the 'engine' of the industrial revolution, I understand his position here to be broadly compatible with the larger arguments of this paper (O'Brien 1999, pp. 55-62). See also Mokyr 1999, pp. 68-78, where Mokyr offers an overview of the debates on the importance of foreign trade to the Industrial Revolution—including a critical review, via Stanley Engerman's famous critique (Engerman 1972) of Eric Williams' thesis that Caribbean slavery was crucial.
countries like Holland, Germany, Italy, and Belgium, the figures are all negligible.\textsuperscript{45} 

\textbf{Figure 2}\textsuperscript{46}

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<tr>
<th>Commodity Exports Delivered to Empire (as % of total exports)</th>
<th>Late 1700s</th>
<th>Mid 1800s</th>
<th>Early 1900s</th>
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In short, wherever it can be demonstrated that, even for Britain, connections to the colonies were too small to be economically significant, this can be understood as proof of the larger claim that Europe's wealth was not dependent on its colonial possessions.\textsuperscript{47}

As I understand it, 'dependency' arguments come, roughly, in three forms: first, Europe's imperial possessions, it is claimed, allowed it to export and import commodities to the benefit of the metropole (either because exports relieved pressures in the domestic economy, or because imports offered abundant and/or important inputs); second, the export of surplus labour to the colonies is said to have alleviated the threat of domestic unrest; and third, imperialism helped resolve the problem of declining rates of profit in home markets, by offering high rates of return on capital exported to the colonies.

\textbf{A. Trade with the Periphery}

\textit{Europe}

Though no one seems to have compiled comprehensive data on metropole-colony trade for each of the European empires, the general point can be illustrated by means of an approximation (trade between the First World and the Third World), first, and then by assessing the specific figures for the British Empire, second. Note that this first measure has the added benefit of assessing the 'unequal exchange' hypothesis, which is part of the family of arguments advanced by the world-system/dependency schools.\textsuperscript{48} Transfers of value from Third World to First World can only have been significant if they are derived from a trade that is relatively meaningful, in volume terms.

Unfortunately, all indications are that this is not the case. Paul Bairoch, in the opening salvo of a 1974 exchange with Andre Gunder Frank in the \textit{Journal of European Economic History}, presents data on international trade for the 19\textsuperscript{th} and first half of the 20\textsuperscript{th} centuries, grouped by region and also by the development level of the destination or source. Overwhelmingly, his figures show that 'core-periphery' trade was not considerable, as a proportion of European economic activity.

\textsuperscript{45} See O'Brien and De La Escoscura 1998, p. 63.
\textsuperscript{46} O'Brien and De La Escoscura 1998, p. 63.
\textsuperscript{47} See Bairoch 1974, p. 575, where Bairoch presents figures for commodity exports for individual Europeans by the regions to which they were destined, illustrating that Britain was far more entangled in trade with non-European countries than any other power.
\textsuperscript{48} Emmanuel 1972; Amin 1977. For a critique, see Shaikh 1979 and Shaikh 1980.
For one, the majority of exports that left European countries were destined for other markets inside Europe. From 1800 to 1972, the figure is as high as 75% of total exports (in 1972), and never lower than 60.7% (in 1953). During the 'second wave' of imperialism (roughly, 1830 to 1930), the figure averages 68.5%. Almost half of the remainder, as Bairoch shows, went to other relatively developed countries, outside of Europe (North America, Oceania, Japan, and South Africa). The average level of exports that were sent to Third World countries, between 1800 and 1972, amounts to only 18.66% of the total. Elsewhere, for the period 1800 to 1938, Bairoch’s estimate of this figure is 17%. On this basis he notes that “exports to the Third World represented only 1.3-1.7% of the total volume of the production of those developed countries.” (Incidentally, Bairoch supplies estimates for Europe's trade with its colonies, as well: 9% of exports, and 0.6-0.9% of production. But because levels of involvement with the Empire varied considerably amongst European powers, this fact is not a substitute for the UK-specific analysis of the next section). None of his core findings, it scarcely needs to be said, offer much in the way of support for the hypothesis that Third World markets, by providing an important outlet for Europe's exports, were foundational to European wealth.

49 Bairoch 1974, p. 566.
51 Bairoch 1974, p. 566.
52 Bairoch 1995, pp. 72-73.
53 Incidentally, because trade as a share of GNP was even lower in the US, these figures are even less impressive when applied to explain American imperialism (Bairoch 1974, p. 170).
Understandably, a similar story holds, as regards Europe's imports. Again, the majority of European countries' imports arrived from producers in other European countries. For the 1830 to 1960 period, this figure averages about 62% of total imports. Almost half of the remainder comes from other developed countries, meaning that, on average, roughly a fifth of total imports to Europe in this period arrived from Third World countries (20.81%). Once again, as a proportion of total economic output, this figure is relatively negligible.

On reflection, this is hardly surprising. In large part, the lure of peripheral markets could only be as strong as the periphery was developed. Given that consumers were poor and/or had secure access to their means of subsistence, infrastructure was underdeveloped, and markets were correspondingly 'thin,' trade could hardly have prospered.

It could plausibly be argued that while Third World exports may not have been quantitatively important, producers in the Third World might still have provided European countries with reasonably large quantities of certain, indispensable raw materials. Here, though, Bairoch's figures are quite striking. The claim that Europe was energy or mineral dependent on the periphery, for example, can't withstand scrutiny. As regards the former, for example, on the eve of World War I, Europe actually enjoyed an excess of 2.4% of energy production over consumption. This is both a product of the fact that it was well-endowed with coal, which hadn't yet been supplanted by oil (this process only began after WWII), and of the prohibitive costs of transporting energy for much of this era. Similarly,

Figure 4

**European Imports, 1830 to 1960**

![Bar chart showing European imports from 1830 to 1960, with percentages for Third World and Developed countries.]

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54 Bairoch 1974, p. 579.
56 Given that European trade-to-GDP ratios in the 1850 to 1913 period averaged around 30% (see Broadberry and O'Rourke 2010, pp. 54-55), my very rough estimate of imports from the Third World as a proportion of gross economic output is 3% (note that this is almost certainly an overestimate, biased in favour of the significance of the periphery, given that trade in the pre-1850 period was smaller). Combining this with Bairoch's undoubtedly more accurate (and lower) figure for Third World exports/European GDP, cited earlier, a high estimate of the Third World trade as a proportion European GDP is 5%. Using O'Brien's method of calculating upper-bound estimates for profits on core-periphery trade in 1800 (see O'Brien 1982, p. 6), an overgenerous figure for the contribution of this trade to investment would be around 1.25% of gross product, in the late 1800s. Since investment ratios in this period hovered around 11% of GDP, this would mean that profits from trade with the Third World represented, at most, 8.8% of gross investment. This is comparable to O'Brien's estimate for the UK in 1800 (which was 10%), which he deemed insignificant, in light of the claims often made in relation to peripheral trade.
significant trade deficits in key minerals evolved only after the inter-war period, again because “price considerations in relation to transport costs are of primary importance.”\textsuperscript{58} Including other commodities (textile fibres, dyes, rubber, hides, and skin), Bairoch calculates a European 'self-sufficiency' ratio in raw materials of about 94-96%, around 1913.\textsuperscript{59}

All told, Bairoch's summary expresses the evidence well:

\begin{quote}
The most significant conclusion to be drawn from an analysis of the geographical structure of European foreign trade would be the preponderance of inter-European trade and trade between developed regions... This has meant that trade with what is today called the Third World was relatively marginal, i.e. about 20% of Europe's foreign trade in the 19th century.\textsuperscript{60}
\end{quote}

\textit{The UK}

Given the fact that Britain's foreign trade was far more skewed towards the Third World than other European powers, it's necessary to review the specific evidence for the British Empire. It's certainly plausible, after all, that intercontinental data could mask significant variation within Europe—for some countries, links to the periphery might well be significant. Of course, since Britain was most involved,\textsuperscript{61} if there's any truth to the argument that the periphery and/or colonies mattered crucially for individual powers, it should be borne out by the British experience.

\textbf{Figure 6}\textsuperscript{62}

As regards the periphery, Britain's involvement is, at first glance, relatively striking. According to

\textsuperscript{58} Bairoch 1995, p. 62.

\textsuperscript{59} “Therefore, on the even of World War I when the developed world already had a volume of per capita manufacturing production some seven to nine times higher than that of the world in 1750, 98% of metal ores used by the developed countries came from the developed world; 80% of its textile fibres; and, as we have seen, over 100% of its energy. In terms of the volume of the rest of raw materials (such as those used in glass, cement, paper, and clay industries), the degree of local autonomy was over 99%” (Bairoch 1995, p. 68).

\textsuperscript{60} Bairoch 1974, p. 592.

\textsuperscript{61} Crouzet, citing Habakkuk, further notes that “from the economic point of view Britain possessed the best of all possible empires in the middle of the nineteenth century: a group of pioneer or backward countries tied to a highly industrialised country, buying its manufactured goods in return for their primary products” (Crouzet, p. 211).

\textsuperscript{62} Crouzet 1982, p. 354.
Bairoch, in the mid-19th century, commodities sent to the Third World accounted for 40% of Britain's total exports, while exports to Europe only 35%. Crouzet offers more complete data for the 1800s, which only slightly tempers the apparent importance of the Third World in this period (his figure is 34.6%). A full 25% of British exports in this period, according to his figures, were sent to North America. Imports from the Third World were, for the most part, less significant than exports, though obviously more significant than was the case for the rest of Europe. According to Crouzet, between 1848 to 1913, imports from the periphery represented, on average, 29% of total goods coming in to the UK.

While all this establishes that trade with the periphery mattered more to the UK than it did for the rest of continental Europe, it hardly establishes that it was of foundational importance to Britain's development. For one, on the basis of Crouzet's estimates of trade-to-GDP ratios for the British economy in this time period, peripheral imports and exports could not have represented any more than 10% of the country's GDP. While this is twice the Europe-wide figure, it is, of course, only half the analogous estimate for the portion of the UK's GDP comprising trade with developed countries. The logic underlying this fact is no different than what was argued earlier. Insofar as, in these regions, "populations were small, impoverished and politically unstable, transport was difficult, there was a lack of return-cargoes and means of payment," markets were correspondingly smaller than their counterparts in developed regions.

Moreover, a more detailed assessment of these changes in the geographic composition of British trade lends itself to some similar conclusions. Much of the increase in exports to peripheral countries can be explained by a surge in textile exports to peripheral areas. Hobsbawm cites data to demonstrate "a steady flight from the modern, resistant and competitive markets into the undeveloped." While in the year 1820, only 31.8% of total cotton piece goods were exported to the underdeveloped world, by 1840 they captured 66.7% and in 1900 a startling 86.3%. Latin America alone consumed 35% of Britain's cotton exports in 1840; towards the end of the century, "as the new industrial powers started to break into [the region]," India came to absorb even more, in the region of 40-45%. For Hobsbawm, all this is evidence that these regions "saved" Lancashire.

While this is true, it isn't necessarily evidence that these were crucial in the way the dependency argument envisions. As Crouzet writes, much of the appeal of these territories was the fact that, therein, "little or no competition" existed. Rather than serving as impetus for industrial dynamism, it is probably more accurate to consider these markets a refuge for a textile industry facing perennial

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63 In contrast, for continental Europe, commodities sent to the Third World represented only 10% of total exports, and to other destinations in Europe 80% (Bairoch 1974, p. 593).
64 Crouzet presents data on the geographical distribution of UK trade. By grouping the data for 'developed' and 'underdeveloped' continents, it becomes approximately comparable to Bairoch's figures.
65 These are overgenerous estimates based on my own calculations, which are in turn based on Crouzet's figures. For the UK economy, the ratio of trade to national product peaks at 30%, in the 1870s (Crouzet 1982, p. 343). Generously estimating peripheral trade as 30% of total trade means that the ratio of peripheral trade to GDP would be 9%. Furthermore, following O'Brien's methodology, a very generous estimate of the portion of total investment attributable to gains from this trade would be in the region of 15-20%.
67 Given that, in 1913, India's population alone was twenty-three times the white population of the dominions, the fact that the latter's share of trade neared 50% can only be explained by this fact. As Offer notes, "these countries enjoyed very high incomes, which came to about 40 per cent of UK national income for Canada and Australia alone in 1908." (Offer 1993).
68 Hobsbawm, p. 124.
69 Hobsbawm, pp. 124-125.
70 Crouzet 1982, p. 208
problems of absorption in domestic and developed markets, and which was—after a brief mid-century boom—nearing its last legs. O'Brien offers a similar assessment of Britain's use of its dependencies, more generally, arguing that Britain's access to sheltered markets allowed its economy to sidestep the pressures of competing with German and American industry, in turn damaging long-term prospects. Discussing the banking sector at the end of the nineteenth century, for example, he writes that “the legacy of mercantile, imperial, and cosmopolitan practices, routines, and cultures embedded in British financial institutions encouraged a truly massive export of capital that a minority of contemporary critics with foresight—and historians with hindsight—represent as malign for the long-term vitality of the domestic economy.”

As regards trade with the colonies, the preceding is obviously only approximate evidence of its relative unimportance. But a specific assessment of the significance of the colonies and dominions as suppliers of primary produce and as consumers of metropolitan goods/services reveals similarly underwhelming figures. According to O'Brien's numbers for the period 1846 to 1914, commodities from the colonies and dominions peaked at roughly 25% of total imports (in 1913). While many of the individual commodities supplied were 'statistically significant,' as a proportion of total quantity consumed, “no commodities delivered from the empire were... unobtainable elsewhere in the economy and British consumers paid competitive prices for imported primary produce regardless of its origins.” Exports represented a larger proportion of total goods sent abroad—for most of this period the proportion hovers between a quarter and a third, though it peaks at 39% in 1902. Roughly half of all exports went to the dominions, and—particularly after “the rapid growth of imports of 'temperate' foodstuffs from the empire”—a similar number of imports came from these territories.

Moreover, for the claim that Empire mattered crucially to the UK's wealth to be watertight, it should pass a more stringent counterfactual. Strictly-speaking, the question is not whether Britain's wealth could have survived without any imports from or exports to its Empire (to which the answer is surely no), but rather whether these imports and exports required political control over the territories.

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72 O'Brien 1999, p. 73.
74 Crouzet in Ratcliffe 1975, p. 216.
75 Crouzet in Ratcliffe 1975, pp. 219-221.
concerned. O'Brien explores this eventuality, based on the expectation that the colonies would have immediately imposed tariff levels roughly equivalent to those already levied by the self-governing dominions. He cites calculations by Michael Edelstein to suggest that the upper-bound estimate for losses to the British economy is 1.1 percent (of GDP) in 1870, and 3.3% in 1913. Deleterious, certainly, but far from catastrophic.

B. Export of Labour

Separately, it's often argued that the Empire served the role of 'safety valve' for the European homeland, facilitating the transfer of a surplus, potentially troublesome population overseas. In Imperialism: The Highest Stage of Capitalism, Lenin famously quotes Cecil Rhodes in this vein:

I was in the East End of London yesterday and attended a meeting of the unemployed. I listened to the wild speeches, which were just a cry for 'bread,' bread,' 'bread,' and on my way home I pondered over the scene and I became more than ever convinced of the importance of imperialism... My cherished idea is a solution for the social problem, i.e., in order to save the 40,000,000 inhabitants of the United Kingdom from a bloody civil war, we colonial statesmen must acquire new lands for settling the surplus population, to provide new markets for the goods produced in the factories and mines. The Empire, as I have always said, is a bread and butter question. If you want to avoid civil war, you must become imperialists.

The truth of the matter, though, is that this claim is difficult to sustain. For much of European history, the vast majority of people “passed their working lives not simply in their countries of origin, but close to their places of birth.” Certainly, the numbers migrating overseas became more significant during the 'Age of Empire,' towards the end of the 19th century—in the first decade of the 20th century, for example, roughly a million people left Europe every year. Throughout the rough period under

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76 One could obviously pose a similar counterfactual, in relation to the 'informal' Empire. For example, would Britain have been able to export to Latin America in large quantities, without deploying its clout to 'open' the region to its commodities? Gallagher and Robinson, famously, don't think so, arguing that 'free trade' with this region presupposed the Empire—without it, conceivably, these regions could have raised tariffs and encouraged domestic producers (Gallagher and Robinson 1953). Platt, on the other hand, thinks that Britain exerted remarkably little of its coercive capacity in Latin America, suggesting that trade with the region proceeded amicably, and to mutual benefit (Platt 1977, Platt 1983). There were no 'missed' opportunities, and “the impact of imported manufactures on newly independent Latin America is much overdone” (Platt, 1980). Addressing this question in detail would take this paper far afield from its original argument, for which the main findings are sufficient. But for a judicious overview of this debate, see Cain 1980.

77 As O'Brien notes, too, Edelstein's “analysis proceeds on the basis of two assumptions (both biased heavily in favour of the economic significance of empire): first, that the resources embodied in the production of British exports sold to colonies and the dominions possessed no potential for employment elsewhere in the domestic economy; and secondly, that the infant industries located behind tariff walls in territories granted independence would not have boosted demand for British capital goods and industrial inputs” (O' Brien 1982 p. 168).

78 In a critique of Davis and Huttenback—and a critique of O'Brien, as well—Avner Offer argues in favour of the economic significance (and 'the rationality') of Empire. While he raises some interesting empirical questions regarding their measurement of military expenditure and their methodology for calculating profit rates, much of his rejoinder misses the mark. At its most defensible, the general claim is that Britain's economic development required defense of its arteries of trade by the Royal Navy. Thus, elevated military expenditure was 'rational.' Kennedy, in his rejoinder to O'Brien, raised a similar concern (Kennedy 1989). However, as O'Brien argues in his reply to Kennedy, it's not clear that expenditure on naval power in distant corners of the world was 'functional' for British wealth, given that British trade with these possessions (especially the dominions) could have survived an end to naval supremacy. For obvious reasons, much of this dovetails with assessments of Platt's debate with Robinson and Gallagher—the question there, as here, is how much of Britain's imperial infrastructure was necessary to ensuring that its 'trading arteries' remained open (see FN 76).

80 O'Brien 2005, p. 78.
consideration here (roughly 1821-1915), the total added up to about 46 million.\textsuperscript{81} But the majority of these migrants were bound for the United States. Increasingly, they originated from the poorer regions of Europe—not, it bears emphasizing, from the imperial heartlands.\textsuperscript{82} Even when they did come from these regions, the implications aren't distinct; official UK emigration statistics suggest that roughly two-thirds of people leaving the UK between 1853 and 1910 traveled to destinations outside of the Empire (again, mainly the US).\textsuperscript{83}

One can agree, of course, that these migrations probably alleviated pressures on the home economy. But it's difficult to see what, if anything, imperialism has to do with this. On the reasonable assumption that Europeans would never have made their way to dependent territories, absent formal annexation and control of those regions, all indications seem to be that the bulk of these migrations would have continued uninterrupted.

\textbf{C. Export of Capital}

One of the more prominent arguments advanced in favour of the economic significance of Empire, of course, is that Europe's imperial expansion mattered critically because it staved off diminishing returns on investments at home. The strong version of this argument is Lenin's—namely, that these 'superprofits' from colonial exploitation further served to safeguard the domestic social order, by effectively 'buying off' a segment of the homeland's population.\textsuperscript{84}

For all of this to be true, at least two facts should be borne out by the available data. First, the amount of capital exported to the colonies ought to have been significant; second, returns on these investments ought to have been demonstrably higher than returns available on the home market.

As regards the former claim, the evidence is unmistakable. Again one can focus on the British Empire, for aforementioned reasons.\textsuperscript{85} At first glance, the extent to which British investors ventured abroad does seem extraordinary: citing Edelstein, O'Brien notes that some 46\% of British savings left the UK between 1905 and 1913 (in 1830, this figure was 12\%, and in the 1870s, 30\%).\textsuperscript{86} Davis and Huttenback's data for the 1865 to 1914 period is even more remarkable—measuring total financial flows (two-thirds of which were private funds)\textsuperscript{87} over the course of this fifty-year period, they note that “somewhat less than a third [of total flows] remained at home.”\textsuperscript{88}

\begin{itemize}
\item \textsuperscript{81} O'Brien 2005, p. 83
\item \textsuperscript{82} O'Brien 2005, p. 83
\item \textsuperscript{83} O'Brien 1988, pp. 174-175.
\item \textsuperscript{84} “We thus see clearly the causes and effects. The causes are: (1) Exploitation of the whole world by this country. (2) Its monopolistic position in the world market. (3) Its colonial monopoly. The effects are: (1) A section of the British proletariat becomes bourgeois. (2) A section of the proletariat permits itself to be led by people who are bought by the bourgeoisie, or, at least, who are in their pay.” (Lenin in Christman, p. 282).
\item \textsuperscript{85} Bairoch and Kozul-Wright cite figures suggesting that, in 1913, British lenders were responsible for 41\% of total foreign investment, more than France (20\%), Germany (13\%), and the US (8\%) (Bairoch and Kozul-Wright, 1996).
\item \textsuperscript{86} O'Brien 1999, p. 67.
\item \textsuperscript{87} Davis and Huttenback include an extended discussion of the data they use, which isn't strictly comparable to the data used by Edelstein. For various reasons, they suggest that the new-issue series they employ “provide an imperfect but superior index of imperial economic activity and probably a better measure of the connection between Britain and the Empire” (Davis and Huttenback 1986, p. 34; see pp. 33-37).
\item \textsuperscript{88} Davis and Huttenback 1986, p. 38.
\end{itemize}
However, for our purposes what's most notable is that almost two-thirds (63%) of the flows that went overseas went to destinations outside the Empire—particularly, O'Brien notes, to the United States. Of the remaining 36% that did go to the Empire, a full 70% went to the white, self-governing dominions. This means that over the course of the 1865 to 1914 period, investments in the dependent colonies represented a marginal amount—at most, something in the region of 10% of total financial flows. For the classic view, which fixates on the marriage of finance with the violent subjugation of these territories, this is sobering indeed. As Davis and Huttenback summarize it,

If Britain absorbed 30 percent, if the nations over which the British exercised no political control drew an additional 45, and if the colonies over which its control was, at best, limited took an additional 16, less than £1 in 10 remained for all of India and colonies... that had few representative institutions. Certainly, the amount of finance that was directed to the dependent Empire was substantial enough (it averaged more than £8 million per year) to ensure that some Englishmen could have become rich, but it appears doubtful... that the total was sufficient... to make the average British subject better off.

These facts alone strongly suggests that profits on imperial possessions, however great, could hardly have been significant enough to summon a labour aristocracy into existence. Further evidence regarding the relative rates of return on these investments only confirms this suspicion. On the basis of a sample of 566 securities, Edelstein did conclude that between 1870 and 1913 foreign investments yielded higher rates of return, by a risk-adjusted margin of 1.58%. But after disaggregating the specifically imperial component, “his figures indicate that, while colonial firms were more profitable than domestic, they were substantially less profitable than foreign.”

89 Davis and Huttenback 1986, pp. 64-67. Based on intermediate estimates.
90 See Davis and Huttenback 1986, p. 38. There they also note that Lenin had estimated a 50-50 split between foreign and imperial investments.
91 O'Brien gives a figure of 65% (O'Brien 1999, p. 67), but he's citing Davis and Huttenback, who actually provide a figure of 70% (Davis and Huttenback 1986, p. 42).
92 Davis and Huttenback 1986, p. 308.
93 See Post 2010.
95 Davis and Huttenback 1986, p. 80.
Otherwise, in the most exhaustive attempt to address the plausibility of 'superprofits,' Davis and Huttenback report results from a sample of 482 firms, between 1860 and 1912 (some chosen on the basis of a random sample of the London Stock Exchange, and some on the basis of availability of records). Their evidence suggests that, during the first two decades of this period, Empire did 'pay'—possibly because many of these were firms operating in 'newly opened regions,' returns on business in the Empire exceeded returns on both foreign and domestic investment. But between the 1880s and 1912 (given the Leninist argument, interestingly around the period that returns at home start to fall), the finding flips. For much of this period, Empire firms “were substantially less profitable than domestic, and somewhat less profitable than foreign.” While their conclusions aren't decisive, given the limitations of the data, their evidence is the best available. At the very least, it's very safe to conclude that the core intuitions of the Leninist theory of imperialism are in need of reworking.

III. Economic Consequences of Empire

Given this fact that, at no stage in European history does imperialism seem of compelling importance to the economies of the countries that practiced it, the question of its persistence, as policy, is unavoidable. Why, if domestic populations failed to benefit from empire, would policymakers pursue it? Two things can be said, tentatively, with the caveat that both are based on observations of the British Empire.

First, it might be unwise to overstate empire's appeal. As Davis and Huttenback stress, policymakers in Britain were painfully aware that the infrastructure of the empire was being sustained at great cost to the national exchequer. “Few of the nineteenth-century proponents and critics of empire though that the enterprise was without expense.” Their own figures show that, around the turn of the twentieth century, British citizens bore a defense burden some two and a half times greater than their counterparts in other developed countries. While a disproportionate share fell on the backs of an income-tax paying middle-class, the universal difficulty of compelling imperial possessions to bear the costs of their own defense certainly sensitized policymakers to the costs of empire.

This reluctant spirit often found expression in the recorded opinions of British politicians. Statesmen often felt 'dragged in' to stronger commitments overseas, either on account the pressure of foreign competition or the requirements of expanding trade. As Davis and Huttenback note, there was certainly a significant, even if inconsistent, anti-imperial voice in Parliament, in the shape of the Liberal party. Moreover, the spirit of the Smithian, 'free trade' critique of empire famously lived on in the figures of Hobson, Cobden, Gladstone, and others.

Certainly it's tempting, given the considerable resources and formidable violence that the British consistently invested in their formal expansion, to regard these equivocations as no more than public theater put on by otherwise thoroughgoing imperialists. Yet all things considered the more circumspect interpretation advanced by Robinson and Gallagher seems right. In their famous essay “The Imperialism of Free Trade,” they sought to revise the notion that British policy could be disaggregated into 'reluctant' and 'expansionist' phases (the mid-Victorian and late-Victorian periods, respectively,

97 Davis and Huttenback 1986, p. 303.
98 Davis and Huttenback 1986, p. 304.
99 Davis and Huttenback 1986, p. 250.
100Gallagher and Robinson 1953, p. 12.
101Davis and Huttenback 1986, p. 272.
pivoting on an alleged “revolution in policy” around 1880). Their synthesis seems a reasonable verdict on British thinking on Empire:

British policy followed the principle of extending control informally if possible and formally if necessary... The usual summing up of the policy of the free trade empire as 'trade not rule' should read 'trade with informal control if possible; trade with rule when necessary.103

Second, and perhaps more importantly, a first resolution to the 'puzzle' that Empire didn't benefit the British nation is the certainty that it benefited particular social groups. Obviously, States don't typically make policy in the interests of their citizenry at-large: why should imperialism be any different?

Davis and Huttenback agree, writing that while “the British as a whole certainly did not benefit economically from the Empire... individual investors did.”104 For their part, they conduct an accounting of the social origins of the shareholders involved in imperial investments, concluding that the policy of committing substantial resources to protect British investments in imperial territories effectively transferred resources from the middle to the upper classes.105 Their argument further implies that the working-classes, insofar as they bore the burden of indirect taxes but only negligibly benefited from imperial investments, were equally victims of the imperial obsession.

Ideally, then, an explanation of the motives behind imperial policy would record the influence of these beneficiaries on policymakers. Davis and Huttenback's attempts to do just this, however, suggest that companies, chambers of commerce, trade associations and other coalitions actually wielded quite limited influence over Parliament. The exception that proves the rule, in their analysis, is Lancashire's influence on cotton tariffs in India. If this general conclusion is correct, it naturally invites a more 'political' theory of Empire. In their pursuit of what was in the national interest, statesmen might well have had more autonomy than a crude 'economism' might commonly assume. The spirit of Chibber's review of 'theories' of imperialism suggests a move in this direction106—a retreat from attempts to capture some underlying economic logic of imperial expansion, towards an approach that, while still respecting the structural constraints on politicians, takes the tumult of the political sphere seriously.

Conclusion

To be clear: if imperialism, specifically, and the subjugation of the periphery, more generally, were only marginal factors in the processes that generated the wealth of the developed countries, it does not follow that the enterprise was ever a benign one. For one, the formal annexation of territories (or even more informal forms of domination) by the imperial nations was often accompanied by unconscionable levels of violence, and the consistent trampling of its inhabitants' property and livelihood rights. In the words of Fanon, the record of European imperialism reveals “an avalanche of murders” carried out by those who “never stopped talking of man.” This was always reason enough to reject it and its ideologues.

Furthermore, while there's little evidence to suggest that imperialism was meaningfully responsible for enriching the First World, it is easy enough to demonstrate that it had a great deal to do with the

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104Davis and Huttenback 1986, p. 306.
105Davis and Huttenback 1986, pp. 250-252. According to their definition, the middle-class represents 97% of the non-working class population (or a little more than 28% of the total population), and upper-classes the remainder (roughly 0.8% of the total population) (see Davis and Huttenback, pp. 248-249).
persistent poverty of the periphery. As Bairoch writes, even “if the West did not gain much from colonialism, it does not mean that the Third World did not lose much.”\textsuperscript{107} At its most damaging, as in India, formal colonization devastated indigenous industry, while entrusting a reactionary sliver of the rural aristocracy with the task of exacting elevated and inflexible levels of taxation from a half-starving peasantry.\textsuperscript{108} Mike Davis’ unforgiving chronicle of the official response to the famines these interventions engendered is as good an indictment of imperialism’s civilizing virtues as any.\textsuperscript{109}

**Figure 9**

Across the Third World, both the formal colonies and the nominally independent countries (Latin America, Turkey, China, etc.) were subject to an 'enforced liberalism' that precluded development strategies routinely practiced by 'late developing' European nations.\textsuperscript{110} As a result, producers in the Third World were prematurely compelled to compete with their much more productive rivals in the advanced countries—an economic strategy which is guaranteed to 'lock in' the backwardness of the less competitive.\textsuperscript{111} Significantly, the self-governing, ‘white’ dominions of recent settlement were spared the ravages of this policy package. And to the extent that the formally independent territories succeeded in beating back pressures to remain open,\textsuperscript{112} they found relative success. As Bairoch writes, “the

\textsuperscript{107}Bairoch 1995, p. 89.
\textsuperscript{108} “To facilitate collection of revenue, and to guarantee proprietary rights... the colonial government introduced tenurial systems which conferred legally guaranteed proprietary right in land on about four per cent of the population directly dependent on agriculture... [I]n the pre-colonial traditional order, the hereditary usufructory right of the other classes—e.g. those in the position of 'hereditary' tenants paying customarily fixed amounts was inviolable. Now, the right to use land had to be purchased with the market controlled by some four per cent of the population earning their livelihood from land and very little guarantee for any rights below that level... In the early stages of British Indian revenue history, the situation was further complicated by excessively heavy revenue demand which meant either abandonment of cultivation... or the burden being passed on as far as practicable to the rent-payer” (Rayachaudhri 1985).
\textsuperscript{109}Davis 2002.
\textsuperscript{110}Bairoch
\textsuperscript{111}Bairoch 1995, p. 88-92.
\textsuperscript{112} Bairoch's estimate of the productivity differentials between English and Indian textile producers, for example, is startling. “By 1830... the productivity of an English worker using modern equipment was for the best (fine) qualities of yarn some two to three hundred times higher; and for the most commonly used yarn in traditional societies some ten to fourteen times higher than that of an Indian artisan” (Bairoch 1995, p. 89).
\textsuperscript{113} See Shaikh in Shaikh 2007.
\textsuperscript{114}“...[A]s a result of the influx of European products in the 1820-1870 period and also under the influence of North America trade policy, most Latin American countries altered their trade policies in the 1870-1890 period, introducing protectionist tariffs to promote industrialization” (Bairoch 1995, p. 90).
political independence of Latin America also contributes to the fact that in 1913, with only 7% of the Third World's population, the region had 21% of the Third World's cotton spindles.”

All this said, this paper has not been concerned with appraising the devastating effects of imperialism on the Third World. Instead, the focus here has been on the much-touted role of imperialism in explaining the wealth of the developed world. In this regard, the evidence is clear: European geopolitical hegemony played little part in the origins of capitalism on the European continent, nor did it bring extraordinary economic benefits to the European economy.

For the Left, the conclusion is no doubt a tad disorienting. But here, of course, we can only be true to the evidence as it exists. The fact that this is not the tempting interpretation of the past few hundred years of Western political and economic domination is hardly grounds to reject it. Our political project, after all, can only be compelling to the extent that it complements what we know, not denies it.

Bibliography


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