I
A decade ago Eric Stokes argued persuasively that to test theories of economic imperialism by close historical study of colonial expansion in the late nineteenth century was a fundamental mistake.¹ Lenin's theory, in particular, explicitly excluded the period before 1900. Along with fellow Marxists Nikolai Bukharin and Rudolf Hilferding, Lenin was concerned primarily to analyze the economic forces that underlay Great Power rivalries and warfare in the twentieth century. This account of Lenin's work has not been challenged; it evidently accords with the plain meaning of Lenin's words.

Stokes's meticulous rereading put a large dent if not a gaping hole in the structure of what a generation of scholars and students has known as "the imperialism problem." The essence of the problem has been to test whether sweeping general theories of imperialism fit the facts of colonial expansion, especially British expansion. In a number of competing "problem books" students are led through a series of readings to the conclusion that the broad theories of economic imperialism do not fit the facts. These books marshall compelling evidence to show, among other things, that the surplus investment funds, the industrial monopolies, and the finance capitalists identified by the economic theories as the principal engineers of imperialism could not have produced the colonial acquisitions attributed to them. Other, equally convincing evidence is then produced indicating the superior merit of more modest theories which stress local factors such as rising colonial nationalisms, turbulent frontiers, or regional strategic interests. Alternatively, it is suggested that all theories of imperialism may be rejected in favor of a lengthy list of "causes."

If Stokes had demonstrated that none of the famous theories of economic imperialism purported to explain nineteenth-century colonial expansion — that all of them were directed instead at exposing the process by which economic forces in the twentieth century led to national antagonisms, protectionism, territorial aggrandizement, and war — the "imperialism problem"

would disappear. Or, rather, it would resolve itself into two distinct problems: (1) the problem of colonial expansion by Britain, France, and two or three other countries in the Victorian era; and (2) the problem of imperialism, that is, militarism and economic rivalry, in the twentieth century. Stokes does not go so far. In fact he draws a clear distinction between the theorists Lenin, Bukharin, and Hilferding, who mean much more by imperialism than colonial expansion, and the theorists Karl Kautsky, Rosa Luxemburg, and John A. Hobson, who tend to use imperialism as “merely another term for colonialism.” This distinction enables the imperialism problem to live on. What D. K. Fieldhouse called the “Hobson-Lenin thesis” is reduced to the Hobson thesis; but a thesis remains which can be tested against the documentary record of colonial expansion, a thesis which can be weighed in the balance and found wanting.2

This essay aims to extend Stokes’s argument to cover the remaining classic theories of imperialism. A close rereading of the works of Luxemburg, Kautsky, and Joseph Schumpeter will reveal that they, like Lenin, were primarily concerned to analyze the Central European origins of World War I rather than to explain Victorian colonial expansion. Even J. A. Hobson’s famous polemic on the “economic taproot of imperialism” was intended to expose new forces at work in international politics after 1895. The key to understanding all the early economic theories of imperialism in their historical context can be found by tracing the origin of Hobson’s taproot argument through the socialist H. G. Wilshire to its ultimate source in American business opinion at the turn of the century. It can then be shown how a theory about the future was gradually transmuted into a theory about the past through a combination of ideological conflict and honest misunderstanding. By relocating the classic theories in their proper historical matrix a misconceived and pointless debate can be brought to a close — brought to a close and replaced by a reformulated series of problems in the history of colonial expansion and imperialism.

II

There is nothing of much importance to add to what Stokes has said about Lenin, Hilferding, and Bukharin; but in order to establish similarity between Lenin’s critique of imperialism and the formulations of his contemporaries, it is necessary to retrace briefly some of Stokes’s ground. Lenin’s theory, first propounded in 1916, runs roughly as follows. “The imperialist epoch of world capitalism, which began not earlier than 1898-1900” is marked by the change

from free competition to monopoly. Very soon the colossal trusts and cartels which bestrode German and American industry would dominate all advanced capitalist states. Amalgamation in industry had been paralleled by amalgamation in banking, producing a new form of capital — finance capital — which was not tied to the development of particular industries. It could roam the world in search of profits for men who cared for nothing but interest and dividends. In fact, finance capital had to roam the world. Monopoly profits generated by the productive forces of highly developed capitalism created a surplus of capital which could not find profitable investment opportunities at home. Finance capital ranged abroad in other capitalist countries, in the decaying Ottoman empire and the developing Russian empire, in the new colonies of Africa, in the weak young states of South America, in doddering old China. But through the confusing interpenetrations of competing investors, Lenin discerned organized blocs of finance capital dividing the earth into spheres of investment influence. This division of the world’s investment opportunity areas resembled the territorial political division of the world into colonies and protectorates of Europe but was not identical with it. Holland, Belgium, and Portugal possessed colonial domains quite disproportionate to their economic power. Britain and France, stagnating powers, had even vaster colonial hinterlands. Japan, Germany, and the United States had almost no colonies but did possess burgeoning economic power. There were no longer any “free” lands on the frontier or in the tropics. So the capitalist associations of the rising powers began poaching on the decaying powers. The United States employed the power of the state to serve the interests of capital in Latin America and the Pacific. Japan moved against China and Russia. Germany coveted Holland and Belgium in its drive for hegemony in Central Europe.

In some ways imperialism was good for capital. New fields for profit meant a new lease on life for capitalism, which otherwise would have been overwhelmed by an angry, desperate proletariat when profits ceased at home. But in the long run imperialism would spell the doom of capital. The continuing struggle for redivision of the world ensured that the twentieth century would be a century of war. If the working class avoided opportunism and waged its own unrelenting warfare on the bourgeoisie, the ability of advanced capitalist countries to conduct imperial wars would diminish. Imperialism would give way to revolution at home. Abroad, as capital developed the undeveloped parts of the globe, it would call into being its antithesis, a class-conscious proletariat and an impoverished peasantry who would combine to wage wars of national liberation against imperialism. This process could, however, be severely retarded by a weak or divided proletariat: “if

European proletariat remains impotent, say, for twenty years; if the present war [World War I] ends in victories like Napoleon's and in the subjugation of a number of viable national states; if the transition to socialism of non-European imperialism (primarily Japanese and American) is also held up for twenty years by a war between these two countries, for example, then a great national war in Europe would be possible. It would hurl Europe back several decades.\(^4\)

For present purposes the features to be noted in Lenin's theory are:

(1) the emphasis on events after 1900;
(2) the use of the word imperialism to describe the use of state power to pursue economic objectives beyond state frontiers, a phenomenon characterized in the modern era by monopoly organization behind tariff walls, territorial expansion, militarism, and war;
(3) the emphasis on up-and-coming imperialist powers such as Germany, America, and Japan which are expected to poach on the old empires built up by Western European states;
(4) the pronounced strain of prophecy.

If these features are also found to predominate in the other classic theories of imperialism, then a case can be made for the disjunction of these theories from the explanation of late Victorian colonial expansion. In order to establish the case it will be necessary to resort to extensive quotation.

III

The easiest place to begin is with Joseph Schumpeter's *Sociology of Imperialisms* (1919), a very important and widely misunderstood book. As Raymond Betts observes, passages from Schumpeter's book are generally included in anthologies on the imperialism problem as the "prescribed antidote" to economic interpretations.\(^5\) It has often been assumed that Schumpeter offers a theory that is noneconomic, that his theory sets out an alternative account of European colonialism, and that it is therefore appropriate to include in accounts of British imperialism. All three of these assumptions are wrong. Schumpeter proclaims at the outset of his essay that he will employ "the economic interpretation of history" and that he does "not doubt in the least that this powerful instrument of analysis will stand up here in the same sense that it has with other, similar phenomena." He refuses, however, to follow the exponents of "neo-Marxist theory" in explaining social phenomena solely

in terms of "the economic class interests of the age in question." The "production context of past ages," he insists, can exercise an equally decisive influence on present events. The burden of his argument is that capitalist imperialism in the early twentieth century was only made possible by the survival of monarchical and aristocratic rule in some countries. He frankly admits that capitalist imperialism exists. His picture of the economic consequences of imperialism is as stark as any ever drawn. At the climax of imperialism

the conqueror can face the subjugated nation with the bearing of the victor. He has countless means at his disposal for expropriating raw material resources and the like and placing them in the service of his cartels. He can seize them outright, nationalize them, impose a forced sale, or draft the proprietors into industrial groups of the victor nation under conditions that ensure control by the domestic captains of industry. He can exploit them by a system of quotas or allotments. He can administer the conquered means of communication in the interests of his own cartels. Under the pretext of military and political security, he can deprive the foreign workers of the right to organize, thus not only making cheap labor in the annexed territory available to his cartels, but also holding a threat over the head of domestic labor. (110)

The references here to drafting conquered proprietors, nationalizing raw material resources, and conquering means of communication make it immediately evident that Schumpeter's principal subject is war between advanced nations, not the conquest of undeveloped tropical estates. The reference to cartels places the subject in the post-1900 period and far removed from Britain's Victorian expansion overseas.

How could so many reputable scholars have been misled into thinking that Schumpeter offers a brilliant noneconomic account of British or French colonialism? Part of the reason appears to lie in his oblique approach to explaining the existence of imperialist warfare in the twentieth century. He clears the way by arguing: first, that the utter failure of imperialism in the oldest capitalist state (Britain) and the most advanced capitalist state (the United States) proves that capitalism by itself is incapable of generating imperialism; and second, that a vital clue to the solution of his problem is to be found in the study of precapitalist forms of imperialism. After surveying examples of conquering military states as old as the Assyrians and as modern as Louis XIV's France, Schumpeter concludes that in virtually every case a similar economic interest was responsible for fomenting policies of "unlimited forcible expansion." That interest was a class within the state whose continued power and prestige depended on the pursuit of aggressive policies. He then proceeds to look for such a class interest in modern states.

Schumpeter’s analysis of imperialism in Britain is intended to show that the policy was not genuinely adopted by any statesman prior to Chamberlain and that the defeat of “pushful Joe” proved that imperialism did not work in England. When Disraeli introduced “imperialism as the catch phrase of domestic policy” at the Crystal Palace in 1872, he was, according to Schumpeter, simply posturing. He “spoke, but did not act”; he did “not take a single step in the direction of practical imperialism” because “the masses of the British electorate would never have . . . made sacrifices for it” (12, 16-17). Without making even a passing mention of British expansion overseas or the scramble for Africa, Schumpeter goes on to say that although “as early as the nineties” imperialism “meant a great deal to the youth of Oxford and Cambridge,” it was not until Chamberlain launched his tariff reform campaign “in another period” that Disraeli’s slogan was revived (13, my italics). This periodization, which locates the impetus toward imperialism in Britain no earlier than the late eighteen-nineties, will seem distinctly eccentric to those conditioned to identify imperialism with the building of colonial empires. Schumpeter, however, does not make that identification. For him, as for Lenin, the fundamental economic program of modern imperialism is the erection of high tariff barriers around a militarized system geared to the aggressive exporting of goods and capital — the program Schumpeter calls “export monopolism.” Chamberlain’s humiliating defeat in his campaign to turn Britain away from free trade Schumpeter regards as an event of the highest significance. Undeniably, Chamberlain’s “plan had much to offer to a whole series of special [capitalist] interests — primarily a protective tariff and the prospect of lucrative opportunities for exploitation — inaccessible to industry under a system of free trade” (14). Yet those special interests had not been enough to convert the historic homeland of capitalism to the policy of imperialism. Plainly, Schumpeter reasons, something more than the needs


8. Schumpeter doubted “whether it is proper to speak of eighteenth-century English imperialism,” because the acquisition of colonies for the defense of trade had been a rational activity, far removed from the generalized bellicosity of real imperialists. He even denied that Rome had been imperialist after Augustus because “the policy of the Empire was directed only toward its preservation and therefore was not imperialist.” (15, 24, 65-66).

9. Schumpeter, Imperialism, 106-111. This meaning of imperialism was as well known to economic writers on both sides of the English channel. E. R. Faraday in “Some Economic Aspects of the Imperial Idea,” Fortnightly Review 70 (1898), 961-967 argued that Britain should take up the “German conception of Empire.” Thirty years later W. A. S. Hewins of the London School of Economics still remembered “the new imperialism” in these terms; see chapter one of his autobiography The Apologia of an Imperialist (London, 1929).
or desires of capitalists was required to nourish the growth of imperialism under modern conditions. His consideration of older "imperialisms" indicated what that something was likely to be: a social class formed by the economic conditions of a previous era, a class for whom fighting was as natural as breathing and whose continued existence depended upon the pursuit of aggressive policies. In modern Europe, Schumpeter observes, just such a class was to be found wherever the centralizing monarchs of the seventeenth and eighteenth centuries had succeeded in creating autocratic states. The Bourbons, Hohenzollers, Hapsburgs, and Romanovs had all created war machines led by a militarized aristocracy which rejoiced in war for its own sake.

The final step in Schumpeter's argument is to demonstrate that modern imperialism with its dangerous and costly program of "export monopolism" flourishes in precisely those states where absolutism sank the deepest roots. To some extent in France and to a much greater extent in Central and Eastern Europe, capitalism had grown up under the shadow of autocracy:

Actually capitalism did not fully prevail anywhere on the Continent. Existing economic interests, "artificially" shaped by the autocratic state, remained dependent on the "protection" of the state. The industrial organism, such as it was, would not have been able to withstand free competition. (121)

On the other hand, "wherever autocratic power vanished at an early date — as in the Netherlands and later in England" the bourgeoisie "swiftly discovered that trade must be free — 'free to the nethermost recesses of hell'" (120).

Here then is Schumpeter's conclusion: some very important capitalist interests stood to benefit from the aggressive policies which plunged the world into war in 1914, but those interests could only prevail in countries whose social and economic institutions bore the impress of autocracy. In the United States which had never known autocracy, "Theodore Roosevelt and certain magnates of the press" who "actually resorted to imperialism" suffered an "utter defeat [in 1912], a defeat which would have been even more abject, if other slogans, notably those appealing to anti-trust sentiment, had not met with better success" (95-96). In Britain and the Low Countries, which had long ago thrown over autocracy, the advocates of imperialism were no more successful.10 In France, on the other hand, the dead hand of the Bourbons continued to shape the economic life of the nation long after the Revolution of 1789. The French bourgeoisie, "imbued with the spirit of the old autocracy, trained by it," continued mindlessly to shout the slogans of more soldiers, national glory, protected markets, and dangerous neighbors, slogans which did nothing to advance the interests of the bourgeoisie as a class (124). This

10. Bernard Semmel, in The Rise of Free Trade Imperialism (Cambridge, 1970) has called attention to the similarity between Schumpeter's view and Hobson's contention that "a free trade economy was ipso facto, not imperialistic"; see especially 217, 222-225.
pattern was even more marked in Central Europe, the real heartland of twentieth-century imperialism. There Schumpeter discovers an unnatural and sinister alliance between autocracy and capitalism. In the absence of bourgeois revolution, capitalists, though possessed of enormous strength, remained "greatly under the influence of the feudal substance" surviving from an earlier stage of economic development (122). As a result the bourgeoisie took up an aggressive imperialism in economics and politics that did not accord with its own class interests. Under these conditions the forces favoring imperialism are virtually irresistible:

Thus we have here, within a social group that carries great political weight, a strong undeniable interest in such things as protective tariffs, cartels, monopoly prices, forced exports (dumping), an aggressive economic policy, an aggressive foreign policy generally, and war, including wars of expansion with a typically imperialist character. Once this alignment of interests exists, an even stronger interest in a somewhat differently motivated expansion must be added, namely, an interest in the conquest of lands producing raw materials and food-stuffs, with a view to facilitating self-sufficient warfare. Still another interest is that in rising wartime consumption. . . . Finally there is the political interest in war and international hatred which flows from the insecure position of the leading circles. They are small in numbers and highly unpopular. (110-111)

The characteristics of modern imperialism set out here coincide exactly with those set out by Lenin, monopolies organized behind tariff walls, territorial expansion, militarism, and war.11 Schumpeter also parallels Lenin in stressing the dangerous effects of German expansionism. And while Schumpeter, unlike Lenin, does not specifically mention Japan, his analysis of alliances formed between conservative autocracies and rising capitalists could be readily applied to the development of Japanese militarism.12 But the logic of Schumpeter's argument linking modern imperialism to the heritage of European absolutism demands that he take a more extreme position with respect to the major colonial powers. Lenin acknowledged the existence of imperialism in the old colonizing nations but believed that they were too weak to resist demands from rising economic giants for a "repartition" of the globe. Schumpeter on the other hand flatly denies that Britain, the United States, Belgium, and Holland had practiced imperialism; they all lacked the necessary economic foundation of the absolutist state. If it could be shown that Britain did in fact practice imperialism, Schumpeter's argument would collapse. Even his remarks on France are confined to protection and militarism. Schumpeter's theory of imperialism therefore excludes four, possibly five

11. There is no evidence, however, that Schumpeter knew of Lenin's work when he wrote his essay in 1919. The first German translation of Lenin's Imperialism did not appear until 1920 (Collected Works XXII, 377-378).
12. It adumbrates, in fact, the theory propounded much more recently by Barrington Moore, Jr. in Social Origins of Dictatorship and Democracy (Harmondsworth, 1973), 228-313.
of the principal colonizing nations. The book is useless as an explanation of late Victorian colonial expansion. It is *Hamlet* without the Danish court. As a prophecy of developments in international relations after World War I, on the other hand, the theory is both apposite and interesting. Sitting in Vienna among the ruins of the Hapsburg hegemony, Schumpeter surveyed the wreckage of the old autocratic states and confidently predicted the withering away of aggression and its economic ally, "export monopolism." To some extent he foresaw the rise of fascist ideologies ("The precapitalist elements in our social life may still have great vitality; special circumstances in national life may revive them from time to time") but believed that "in the end the climate of the modern world must destroy them" along with "essentially untenable export monopolism" (129).

IV

In contrast to Schumpeter, both Rosa Luxemburg and Karl Kautsky had something to say about European overseas activities in the nineteenth century, but neither offered any formulation which deserves to be called a theory of colonial expansion. Both used imperialism much as Lenin and Schumpeter used the word to refer specifically to events after the turn of the century. Nikolai Bukharin vigorously attacked Rosa Luxemburg for assuming that imperialism and colonial conquests are synonymous.13 Perhaps for this reason, Stokes, who wishes to accent the similarity between Bukharin and Lenin, excludes Luxemburg from his argument. Notwithstanding Bukharin's criticism, Rosa Luxemburg's principal statements on imperialism, all written between 1913 and 1916, reveal a good deal of common ground with Lenin and Schumpeter. Her theory of imperialism grew out of, but was by no means identical with, her theory of the expansion of capitalism which was first set out in her book *The Accumulation of Capital* (1913). The book, as the title indicates, does not seek to offer an explanation of imperialism but to solve a problem in Marxist theory.14 Luxemburg believed that Marx had been wrong to employ the model of a closed system in his analysis of the evolution of capitalism. She held that by its very nature capitalism must be an expanding system. It followed that expansion was no new thing; it was as old as capitalism itself. The process of expansion had occasionally been marked by changes in political geography, but it was a fundamental mistake to confuse expansion of the

14. Peter Nett in *Rosa Luxemburg* (Oxford, 1969), 161-162, notices that "Rosa Luxemburg did not theorize about imperialism" before World War I and that "she only described imperialism itself on rare occasions, and then usually without mentioning the word."
economic system with the territorial expansion of states. She uses a startling example to make the point.

We should revise the conceptions of internal and external markets which were so important in the controversy about accumulation. They are both vital to capitalist development and yet fundamentally different, though they must be conceived in terms of social economy rather than of political geography. In this light, the internal market is the capitalist market, production itself buying its own products and supplying its own elements of production. The external market is the non-capitalist social environment which absorbs the products of capitalism and supplies producer goods and labour power for capitalist production. Thus, from the point of view of economics, Germany and England traffic in commodities chiefly on an internal, capitalist market, whilst the give and take between German industry and German peasants is transacted on an external market as far as German capital is concerned.15

Having made this crucial distinction, she spins out a complicated argument about the developing relationship between internal and external markets. Though the argument is strewn with historical examples drawn from every corner of the globe, it is not basically concerned with explaining the spread of European sovereignty over distant lands. Thus, while India and Algeria provide Luxemburg’s examples of “the struggle against natural economy,” Kansas farmers and South African Voortrekkers are used to illustrate “the struggle against peasant economy” in which capitalism changes self-reliant agricultural producers into the dependent creatures of distant suppliers.16 The point of the analysis is to understand what capitalism did in India, South Africa, Kansas, and Algeria — not to explain how these territories were acquired by their present owners.

The outbreak of world war in 1914 forced Luxemburg to clarify her position on imperialism, a phenomenon which is mentioned only briefly in The Accumulation of Capital as “capitalism in the final stage of its historical career.”17 In “The Accumulation of Capital: An Anti-Critique” and the “Junius Pamphlet” of 1916, she responds effectively to Bukharin’s unfair charge that she had identified imperialism with colonialism and believed “that a fight for territories that have already become capitalist” or “a fight for already ‘occupied’ territories is not imperialism.”18 Colonization and economic expansion, she explains, are centuries old, but imperialism is new. It arises only as capitalism approaches “its ultimate aim” which is “the exclusive and universal domination of capitalist production in all countries and for all branches of trade.”19 In the “final, imperialist phase” of its historical career

16. Ibid., 396-411.
17. Ibid., 417.
capitalist expansion suddenly assumes "such an unbridled character that it puts the whole civilization of mankind in question." In the "Junius Pamphlet," that phase is more precisely identified as the period "that Marx did not live to see," the "imperialist development of the last twenty-five years," a period prefigured by "a strong tendency toward colonial expansion" beginning "as early as the eighties." The opening of the "imperialist phase" was announced by a "practically unbroken chain of bloody wars" between established powers, "beginning with the Chinese-Japanese War in 1895 . . . reaching its height in the Great Chinese Invasion, and closing with the Russo-Japanese War of 1904." From this point imperialism developed toward the "turning point" of "the present world war." In her opinion, "What distinguishes imperialism as the last struggle for capitalist world domination is not simply the remarkable energy and universality of expansion but — and this is the specific sign that the circle of development is beginning to close — the return of the decisive struggle for expansion from those areas which are being fought over back to its home countries. In this way imperialism brings catastrophe as a mode of existence back from the periphery of capitalist development to its point of departure." By choosing a date in the 1890s to mark the opening of the era of imperialism, Luxemburg deliberately sets that era off from previous decades (and centuries) of colonial expansion. The reason she gives for the demarcation is that in the new era the friction point of expanding capitalism has shifted away from the periphery back to its European homeland. The climax of imperialism is the point at which Belgium is invaded and Serbia "is fighting out a real imperialistic conflict with Italy on the backs of the Albanians." She therefore views the World War as Lenin did, as a struggle for the repartition of the globe between competing capitalist nations. Her tally of "the typical external phenomena of imperialism" (after 1895) more or less coincides with the tallies compiled by Lenin and Schumpeter: "competition among capitalist countries to win colonies and spheres of interest, opportunities for investment, the international loan system, militarism, tariff barriers, the dominant role of finance capital and trusts in world politics." Luxemburg also specifically denies that the struggle to possess particular pieces of territory had been a serious source of international tension. Carefully maintaining

24. Stokes fails to see that Luxemburg draws a clear distinction between the expansion which has characterized capitalism since its inception, and *imperialism*: the phase in which expansion can go no further and capitalist competition recoils upon the metropolitan powers in the form of armed struggle for economic advantage.
her vital distinction between economic and colonial expansion, she contemptuously dismisses the idea that Anglo-German rivalry grew out of a competition to acquire colonies:

Far from standing in each other’s way, British and German capitalist development were mutually highly interdependent, and united by a far-reaching system of division of labor, strongly augmented by England’s free trade policy. . . . No one, certainly not England, envied Germany her possessions. . . . Southeast and Southwest Africa, Wilhelmsland or Tsingtau would never have caused any war, by land or by sea between Germany and England.26

Moreover, economic rivalry could produce powerful pressure against territorial expansion as America’s Open Door policy in China and Germany’s support for the Ottoman Empire amply demonstrated.27

What, then, were the causes which had transformed the world between the amicable partition of Africa and the murderous rivalries of the twentieth century? As many of her fellow Marxists have observed, Rosa Luxemburg does not give a satisfactory theoretical answer to this question. While acknowledging “the dominant role of finance capital in world politics,” she does not explicitly endorse the theory of surplus investment capital which looms so large in the works of her contemporaries. She suggests instead that the spectacular growth of German power had been principally responsible for the recent change in the climate of international relations. In Germany “since the foundation of the empire” in 1870 one could “study the development of imperialism” condensed “into the shortest possible space of time.” In Germany banking was more concentrated, monopolies grew bigger and faster. And no monopoly grew stronger than steel, “the branch of capitalist endeavour most interested in government orders, in militaristic equipment and in imperialistic undertakings.” There was no countervailing force working for peace because Germany was “under a personal regime, with strong initiative and spasmodic activity, with the weakest kind of parliamentarism, incapable of opposition, uniting all capitalist strata in the sharpest opposition to the working class.” This “live, unhampered imperialism, coming upon the world stage at a time when the world was practically divided up, with gigantic appetites, soon became an irresponsible factor of general unrest.”28

Though Rosa Luxemburg, too, looks instinctively to middle Europe for the precipitating causes of World War I, she does not follow Schumpeter in omitting Britain from her list of imperialist powers. Nor does she even follow Lenin in consigning Britain and France to the garbage dump of declining defensive powers. But she does take careful note of the impact of rising Japan and America on a world already “practically divided up.” Contemplating a war — or a series of wars — for the repartition of the globe leads her into

27. Ibid., 43-44.
28. Ibid., 35-36, my italics.
a vein of prophecy even darker than Lenin's. The world stands at a crossroads: "either the triumph of imperialism and the destruction of all culture, and, as in ancient Rome, depopulation, desolation, degeneration, a vast cemetery; or, the victory of socialism." Without the revolution, one hardly dared hope even for the defeat of the reactionary Hapsburgs and Ottomans. That would entail "the bartering of their peoples to the highest bidder — Russia, England, France or Italy." On the other hand, a victory of the allies "would lead to new feverish armaments in all nations — defeated Germany, of course, at the head — and would introduce an era of undivided rule for militarism and reaction all over Europe, with a new war as its final goal."29

This is not bad as prophecies go. More important than its prescience, however, is its positioning at the end of the "Junius" pamphlet. As with Lenin and Schumpeter, the prognosis for capitalism and imperialism is not an afterthought but the point of the whole exercise.

Since the testing of prophecies lies outside the normal realm of historical investigation, Luxemburg leaves very little meat for historians to chew. Her first proposition, that the capitalist system spread throughout the world during the course of several centuries, can hardly be denied. Her next proposition, that this expansion was necessary, is not susceptible to historical proof one way or the other. She does not contend that capitalism required the assistance of the state in order to expand into new territories; on the contrary, she offers numerous examples of expansion without state assistance. As a Marxist she naturally assumes that the state ordinarily acts in the interests of the ruling class, but her occasional comments on the economic motives underlying colonial expansion are not reducible to a single mono-causal theory. It cannot be too strongly emphasized that the phenomenon Rosa Luxemburg aims to explain is the expansion of capitalism, not the expansion of states or empires. It must also be emphasized that she does not use imperialism as a synonym for the expansion of capitalism. She uses it exclusively to refer to the armed rivalries of capitalist states after 1891 (at the earliest). Her explanation of imperialism, that it was caused by the economic rise of autocratic Wilhelmine Germany at a time "when the world was practically divided up" is, of course, a legitimate subject for historians to debate, but it is a very different question from the conventional "imperialism problem."

Karl Kautsky's opinions on colonial expansion, militarism, and international economic rivalry were never brought together into any form which deserves to be called a theory of imperialism. He nevertheless belongs in this discussion for two reasons. First, his "renegade," "opportunist," "archtrickster," and "swindler" view that capitalist states might one day make peace with each other seemed to Lenin to be the very worst thing ever said by a Marxist on the subject of imperialism. Second Kautsky has, like Luxemburg, been ac-

29. Ibid., 18, 120.
cused of using imperialism merely to mean colonial acquisitions. Lest it be thought that in Kautsky there may lurk the alleged theory that the imperatives of European capitalism produced Victorian colonial empires, it is necessary to say something about him. The words which provoked Lenin are almost all contained in a very short, highly theoretical article written for Die Neue Zeit in September 1914. In line with Rosa Luxemburg’s reasoning, Kautsky sees expansion as embedded in the very nature of capitalism; it is as old as the beast itself. As Kautsky prefers to express it, this expansion is “the constant drive of the industrialized capitalist countries to extend the agricultural zones involved in trade relations with them. . . . One particular form of this tendency is imperialism. Another form preceded it: free trade.”

Kautsky carefully avoids confusing economic expansion with the extension of state sovereignty over near or distant territories. “As a rule,” he writes, “industrial zones overmaster and dominate agrarian zones. This was true earlier of the city vis-a-vis the countryside and it is now true of the industrial State vis-a-vis an agrarian State” (42, my italics). The reference to states makes it plain that Kautsky’s subject is not the building of colonial empires. Sovereignty only becomes an important issue if the hinterland develops its own industrial capacity and employs the weapon of protective tariffs to escape from its economic dependence. He uses the development of Britain to illustrate the point. Throughout most of the nineteenth century British capital used the policy of free trade to hold all the world in economic thrall. But some agrarian regions, first in Western Europe and the United States, managed to develop their own industrial capacity, imposed protective tariffs to shut out British goods, and developed agrarian hinterlands of their own. In this way the period of imperialism arises. Britain struggles to maintain its hegemony, facing counter-pressure both in the form of hinterland efforts to assert independence and the poaching enterprises of capitalist competitors. Political sovereignty over agrarian hinterlands now becomes an advantage if accompanied by a high tariff policy. An arms race develops which leads to “the long prophesied World War.”

Kautsky is extremely vague about the chronology of these developments. Nor does he specifically identify the “agrarian regions” sought through the

32. This formulation resembles nothing so much as André Gunder Frank’s recently celebrated “underdevelopment” theory. See Capitalism and Underdevelopment in Latin America: Historical Studies of Chile and Brazil (New York, 1969). Frank’s analysis of the relationship between developed capitalist zones and their precapitalist and “peasantized” hinterlands also resembles the views of Rosa Luxemburg.
use of state power in the imperialist phase. He merely refers to "thinly populated agrarian zones" which required railways "to increase their population and production" — zones where "commercial crops such as cotton" could be raised "by the construction of vast irrigation works" or where mining areas could be exploited. This description will fit North and South America, Australia, even parts of Eastern Europe. On the other hand, it explicitly excludes the colonial possessions acquired by Britain and other states before the adoption of high tariff policies by the United States (after the Civil War) and Germany (after 1879). It excludes by implication most of the tropical colonial empires of the "imperialism problem." (Egypt or South and Southeast Asia could hardly be described as "thinly populated"; and most of sub-Saharan Africa remained untouched by railways before the twentieth century.) In any case, Kautsky's article does not mention by name any drive for territorial expansion by a capitalist state except Austrian aggression in the Balkans. And in that instance he denies the hypothesis of economic necessity. "The World War," he maintains, "did not come about because imperialism was a necessity for Austria, but because by its own structure it endangered itself with its own imperialism" (46). He also attacks the theory that capital exports induced by low rates of interest in developed economies fueled the arms race in the prewar decade. Pointing to rising interest rates on German and French government bonds since 1905, he concludes that "capital no longer rushes into export" (45). Kautsky's ultimate aim is to understand the present in order to know the future. Will there be another war? Possibly, if the leading capitalist nations do not learn from their present destructive blunder. Possibly not, if they form themselves into a sort of political cartel and practice "ultra-imperialism," that is to say, if they agree to cooperate in "overmastering" the agrarian areas. It was this last suggestion, that a "peaceful" capitalism might muddle through for quite some time, that riled Lenin. If true it must considerably dampen the spirits of secret vanguard parties awaiting their main chance.

Lacking any firm reference points in time or space, actively hostile to the key notions of economic necessity promulgated elsewhere, and fundamentally future-oriented, Kautsky's little article on ultra-imperialism offers the student of colonial empires virtually no hypothesis worth testing against the historical record. Before leaving Kautsky and Luxemburg, however, it is worth noting one possibly legitimate use of their reasoning in accounting for nineteenth-century colonial expansion. Neither of them, as their critics have pointedly remarked, show any real necessity for capitalism to expand through the medium of territorial empire. For them the penetration of a wider and wider world is simply an expression of the expansive energies of developing capitalism. State action to annex or control territories need only be taken when someone out there on the periphery or some protectionist neighbor threatens
to upset, the process. That theory, if it deserves to be called a theory, bears a striking likeness to the conceptions expounded by Robinson and Gallagher.³³

V

This leaves Hobson. He is a weighty residue. Stokes claims “it is too easily forgotten that the theory of economic or capitalist imperialism does not stand or fall on the authority of Hobson but of Lenin.” Unfortunately Stokes does not say why this is so. Hobson’s famous study is still in print seventy-nine years after it was written. Bits and pieces of it appear in every anthology on the imperialism problem. Lenin read the book carefully and noted it extensively, more extensively than he noted any other work.³⁴ Quotations from and citations to Hobson appear throughout Lenin’s own book. Though Fieldhouse was surely wrong in reducing Hobson’s work and Lenin’s to a single thesis with a hyphenated title, it requires a strong analytical crowbar to prise them completely apart. Can it be shown that Hobson too looked to the future rather than to the past, that his famous theory of imperialism based on surplus investment capital concerned the world of trusts, cartels, tariffs, militarism, and autocracy rather than Britain’s colonial empire? If not, there will still remain a theory of economic imperialism which cannot be ignored and which is open to fair assault by the historical study of late Victorian colonial expansion.³⁵

Hobson writing in 1902 was hardly in a position to identify a new phase of imperialism originating at the turn of the century. Nor could he point clearly in the direction of Armageddon still a dozen years away. On the contrary he says he will illustrate “the general principles which underlie imperialist policy” by using illustrations “mainly derived from the progress of British Imperialism during the last generation.”³⁶ He repeatedly refers to “the last three decades

³⁵. In order to be fair, the assault must be limited. It must not accuse Hobson of putting trade before the flag; he said Britain’s trade with its recently acquired colonial empire was insignificant. Nor must it accuse him of claiming that the British as a people or a government made a profit from colonial expansion; he proved that the loss was enormous. Nor, again, must it produce a long list of noneconomic reasons for expansion and accuse Hobson of neglecting them; he acknowledged them all. These and other errors in the interpretation of Hobson’s study are exposed in Bernard Porter, Critics of Empire (London, 1968), 216-220, and in Harvey Mitchell, “Hobson Revisited,” Journal of the History of Ideas 26 (1965), 397-416.
of the nineteenth century,” “the first dawn of the new Imperialism in the seventies,” “the imperial policy of Great Britain after 1870” (100, 124, 347). It does not help much that he qualifies the time period by revealing that “though, for convenience, the year 1870 has been taken as indicative of the beginning of a conscious policy of imperialism, it will be evident that the movement did not attain its full impetus until the middle of the eighties” (19, see also 347). The scramble for colonies is obviously very much on his mind. At the same time he carefully notes that “the entrance of the powerful and progressive nation of the United States of America upon imperialism” in 1898 has “changed and complicated the issues” (23). What the changed and complicated issues are is suggested in the later sections of the book, which concern Asia. “The great test of Western Imperialism,” he proclaims, “is Asia” (305). In China he finds that “the present epoch . . . is one of separate national policies and special alliances, in which groups of financiers and capitalists urge their Governments to obtain leases, concessions, or other preferences over particular areas” (331).

Taken together, the references to America, China, and “the present epoch” open the way for an understanding of Hobson’s work that goes considerably beyond late Victorian colonial expansion. The first step toward understanding Hobson’s analysis of the economics of imperialism is to recognize that he offers not one but two theses. One thesis can be tested against the nineteenth-century historical record, one cannot. The first thesis is presented primarily in chapters two and four and is little more than an updated version of Richard Cobden’s mid-Victorian critique of illiberal empire and militarism. Like Cobden, Hobson holds that for the most part colonies have done nothing to increase the wealth of the nation, and that the costly process of acquiring and defending them has enriched the few at the expense of the many. His catalogue of the “economic parasites of imperialism” extends considerably beyond frankly business interests to include “colonial administrators, soldiers and sailors . . . the diplomatic and consular services . . . engineers, missionaries . . . ranchers” and “the part of the aristocracy and the wealthy who seek in the [military service] careers for their sons” (53, 55). He reaffirms James Mill’s observation that Britain’s overseas empire is “a vast system of outdoor relief for the upper classes” and Cobden’s warning “that we may be corrupted at home by the reaction of arbitrary political maxims in the East upon our domestic politics, just as Greece and Rome were demoralized by their contact with Asia” (56, 158). Though Hobson buttresses this line of reasoning with

examples drawn from British policy after 1870, there is nothing in this part of his argument that Cobden might not have said had he lived long enough. A second, quite distinct, thesis is expounded in chapter six — the most often quoted of all Hobson’s chapters — in which he sets out to explore “the economic taproot of imperialism.” Belying its hoary reputation as an argument on behalf of economic determinism, the chapter proposes to prove an exactly contrary case. Hobson’s aim is to refute the multitude of politicians, economists, and businessmen at the turn of the century who held imperialism to be “not a choice but a necessity.” The crux of their argument, according to Hobson, is that there is currently an “enormous pressure of capital for external fields of investment” (77).

In order to confute this specious argument Hobson turns not to Britain but to America and “the history of any of the numerous trusts or combinations” which have lately sprung up there. He attributes the rise of the trusts to the power of production outstripping the power of domestic consumers to consume. Through combination industrialists can enforce monopoly prices, thereby avoiding a ruinous competition which would close inefficient plants. This, however, generates a surplus of capital savings which “all American economists assert” can find no outlet in the domestic economy. The magnates in charge of the great trusts therefore pursue a two-pronged policy of seeking to dump surplus manufactured goods on foreign markets and to find overseas opportunities for investment. Why must this lead to imperialism? After all, “it is not indeed necessary to own a country in order to do trade with it or to invest capital in it.” The reason is that most other advanced countries have set up tariff barriers to forestall such tactics and even Britain seems poised to abandon free trade. Unappropriated areas of the world offer the only recourse short of invading other capitalist national systems. Hobson claims that what happened in America in the late 1890s is now happening in Germany. Suffering from “a glut of capital and manufacturing power,” “trading settlements are forced upon Asia Minor; in East and West Africa, in China and elsewhere the German Empire is impelled to a policy of colonization” (83-86). “It is this economic condition of affairs,” Hobson announces, “that forms the taproot of imperialism” (86).

This is all familiar ground — monopoly production, tariff walls, dumping tactics, growing militarism — ground that existed only in part before the late 1890s. These are the predominant features in the later theories of economic imperialism. This bit of argument, it must be added, is the whole of the famous “Hobson thesis.” This is the chapter most often quoted with approval by neo-Marxist theorists, with disdain by the enemies of economic interpretations. Without the driving force of outward-bound investment in a world increasingly divided by high tariff walls, Hobson’s economic argument is reduced to the Cobdenite thesis that a clique of bureaucratic and upper-class interests promoted warlike, expansionist policies which benefitted no one but themselves.
There is more than an analytical distinction to be drawn between the thesis based on surplus investment capital set out in the “taproot” chapter and the Cobdenite thesis of chapters two and four. The “taproot” chapter actually originated as a self-contained essay in the *Contemporary Review* (August 1902). Its argument linking trusts and tariffs to aggressive foreign policy was not Hobson’s invention, though Lenin and many others have given him the credit for it. The heart of the “taproot” chapter, almost ten pages of it, was borrowed from the American “millionaire socialist” H. Gaylord Wilshire, as Hobson acknowledges in a footnote. When he first came across Wilshire’s work in 1902, Hobson wrote to the author saying, “your article, ‘Significance of the Trust’ which I have just read, is the straightest, strongest, most convincing, and most scientifically accurate account of the relation between capital and imperialism that has yet appeared.” Because of Hobson’s large debt to Wilshire’s article and because Wilshire was quite unconcerned with European colonialism, it is worth briefly setting out his formulation of the issues.

Wilshire, for whom Wilshire Boulevard in Los Angeles is named, was a California property developer and publisher of a socialist newspaper, *The Challenge* (later *Wilshire’s Magazine*). He had spent four years in England during the early 1890s, where he cultivated the Fabians as well as the Social Democrats. His vital contribution was to link rising international tensions directly to the development of monopoly capitalism. Because his own pet formula for the implementation of socialism was the nationalization of trusts, he went out of his way to link every important issue of the day to the trust question. The article which caught Hobson’s eye in 1902 was originally composed in 1900 as an address to a businessmen’s association in Los Angeles. With characteristic bravado, Wilshire proposed to prove to the businessmen that the trust was both an inevitable development of capitalism and a transient phenomenon. His starting point is the observation that all products of labor flow either into the coffers of capitalists or into the subsistence wages of workers, except that tiny minority, “the aristocracy of labor, the trade-unionists

42. Wilshire first propounded his theory of the inevitability of bigger and bigger trusts in a letter to the *Los Angeles Evening Express*, 21 Sept. 1889, but it was not until the end of the 1890s that he made the connection with imperialism in a pamphlet, *The Problem of the Trust* (Los Angeles, 1900). It was a later version of this work which appeared in *The Challenge* as “The Trust Problem” in April 1901. It appeared as “The Significance of the Trust,” the title cited by Hobson, in *Wilshire’s Magazine* in November 1901, 16-26, and July 1902, 56-68. It was probably the latter version which Hobson used in his first formulation of the “The Economic Taproot of Imperialism,” *Contemporary Review* (1902).
and skilled labor generally." The portion accruing to capitalists has now grown so large that it can no longer be absorbed in either production or investment. Trusts arose precisely in order to deal with the ruinous result of overproduction. There was not, in Wilshire's opinion, a single industry in the nation "of a sufficiently large nature to warrant the investment of a large capital that is not palpably overdone." "We are saturated with capital and can absorb no more." In these circumstances big capital preys upon little capital. "Rockefeller, with his enormous surplus income, which he is bound to 'save' and cannot from the very nature of things find room to invest in his own confessedly overdone oil business" expands his empire into other dominions. The big fish must eat little fish or die. Eventually domestic waters become too cramped and capital must range abroad. "For the first time in history American money is entering into the world's money markets as a buyer of bonds of foreign nations. . . . The American gold now building railways in China would never be there, if there were opportunities for home investment." This flight of capital Wilshire finds a sufficient explanation for "the sudden craze for 'imperialism' and its advocacy by the Republican Party." Imperialism is, in brief, "a means of diverting to foreign shores this threatening deluge of domestic 'savings.' " One way or another, however, the deluge is coming as channels for home investment are closed and "the workers now engaged in producing new machinery of production . . . join the unemployed army in regiments." Two means alone might enable the capitalists to prolong their ascendancy, either social reform — "an eight-hour law, old age pensions etc." — or "a rattling good war between the great powers followed by a prolonged civil war with great destruction of life and property."43

This theory of imperialism, made in U.S.A., emphasizes monopoly capitalism and potential war. It neglects nineteenth-century colonial expansion and gazes into the new century with apprehension. Locating the precise source of this vital section of Hobson's polemic on imperialism makes it possible to assign rough chronological limits to his two economic theses. A search of Hobson's study will reveal no concrete example of colonial expansion attributed to the pressure of "surplus" investment capital before the Jameson Raid. Before that event, that is, before about 1895, Hobson uses the Cobdenite thesis of vested interests to account for European colonial expansion, a nasty despotic business in which Britain took the lead. During this period, a small group of special interests who made a living or a profit out of expansion deluded the majority of all classes who suffered from it by spouting cant concerning strategic interests and the spread of civilization, Christianity, and liberal institutions. After about 1895 a new situation arises: the "present epoch" begins as cartelized, trustified, high-tariff Germany and America face

43. Rosa Luxemburg takes a similar view of the advantages to capitalism of war and armaments in The Accumulation of Capital, 454-467.
a glut of investment capital for the first time. They had followed Britain into
the business of colonial expansion and were now proclaiming the necessity
of opening fields of investment in the Middle East and China. Under these
circumstances ownership of colonies could affect the fortunes of trading na-
tions as it never could in the preceding era of free trade. The situation would
become particularly grim if Britain dropped a curtain of protective tariffs
around its gigantic territorial empire, as Chamberlain was threatening to do
when Hobson undertook to produce a revised edition of his book. The
recent Boer War, in which the sinister new investment interest had shown its
ugly power, and the Damocles sword of protection gave Hobson his sense of
urgency and a definite orientation toward the future. It was to counter these
threats that Hobson argued so strenuously against the capitalists' contention
that imperialism was not a choice but a necessity. He had believed for some
time that investment capital had been leaving Britain because of a lack of
profitable opportunities at home. His tables drawing attention to a rise in
investment abroad "coinciding with" the "period of energetic imperialism"
suggest a connection with colonial expansion. But he did not dare to argue
a connection with the policy of exports to monopolized markets. He was too
good an economist to be ignorant of all the reasons (outlined later with
irrefutable logic by Schumpeter) why "export monopolism" could not turn
a profit without high tariff walls. He also knew, and said, that most invest-
ment did not go to present or potential colonies. Free-trade Britain before
1900 simply did not fit the model of imperialism powered by a drive to create
monopolized markets for goods and capital. But if Britain listened to Chamber-
lain's plea that an imperial tariff was a necessity for the survival of the British
economy, she would begin to behave like Germany, France, and the United
States — nations which did seem to fit the model by the late 1890s. However,
Hobson insisted, there was an alternative. Social reform at home could raise
the purchasing power of consumers and create new markets for capital invest-

44. Hobson predicted in 1902 that imperialism would beget protection and deliberately
left his words unchanged in the 1905 edition as proof of his powers of prophecy. A
footnote in the 1938 edition, 102, incorrectly states that "the ensuing discussion of
Protection relates to the probabilities of the year of this study, 1905."

45. This was perceived in Britain at the time Chamberlain embarked upon his
campaign for imperial preference. Sir Edward Grey remarked that "Mr. Chamberlain
himself only half understood what the protectionists were after. They were trying to
establish here the same set of conditions which had led to the formation of trusts in
America." (Financial Times, Oct. 23, 1903, 3).

46. Notwithstanding the attempts of Porter (Critics of Empire) and Mitchell ("Hobson
Revisited") to set the record straight, distortions of Hobson's meaning continued to ap-
pear in the 1970s. Katherine West, "Theorising about 'Imperialism': A Methodological
Note," Journal of Imperial and Commonwealth History 1 (1973), 150, writes that
"economic historians like A. K. Cairncross have effectively demolished Hobson's
model of the nineteenth-century British capitalist seeking maximum rate of interest by
sending capital abroad into newly acquired tropical territories."
ment and goods at home. Stripping the upper classes of "excess" capital might also put an end to the baneful influence they had always exercised on British foreign policy. In order to make his radical alternative more palatable, he devoted more than two-thirds of his book to exposing the present and future perils associated with a national policy of seeking to monopolize fields for the employment of surplus investment capital.

It has taken a good many pages of argument to show that Hobson's thesis of investment-powered imperialism was submitted as an explanation of a dangerous present rather than a shameful past. Once that argument is accepted, however, it is not difficult to show that Hobson's work demonstrates the other three features noted above in Lenin, Schumpeter, Luxemburg, and Kautsky. Like those writers, he argues vigorously that monopoly organization, protection, autocratic methods of government, and militarism are the inescapable companions of the use of state power to pursue economic objectives beyond state frontiers. The importance to his argument of monopolies and trusts has already been noted. Hobson's concluding chapter in the first short section of "The Economics of Imperialism" (the only section most people ever read) contends that both an increased national debt and the introduction of protection will be required to pay for imperialism. Here the argument veers sharply away from colonies to focus on military spending. A monstrous two-thirds of government spending is attributed to "naval and military expenditure, and for the payment of military debts." A legion of parasites uses this expenditure to batten on the public purse (100-102). Skulking in the shadow of militarism is protection. "Upon the continent," Hobson observes, "militarism and imperialism have thriven upon indirect taxation" and so it will soon be in Britain if the escalation in public spending for these purposes is not halted soon (109). The concluding pages of this important chapter hardly mention colonies. Nor do they portray Britain in the vanguard of imperialism. Instead Britain is pictured as about to follow continental nations down the road to ruin. "Imperialism," Hobson asserts,

with its wars and its armaments is undeniably responsible for the growing debts of the continental nations and while the unparalleled industrial prosperity of Great Britain and the isolation of the United States have enabled these great nations to escape this ruinous competition during recent decades, the period of their immunity is over; both, committed as they seem to an Imperialism without limit, will succumb more and more to the money lending classes dressed as Imperialists and patriots. (112-114)

Because the word imperialism still rang with the overtones of its old meaning of autocratic, Bonapartist government, Hobson's vision of Britain (and the United States) succumbing to "continental" trends would immediately have conjured up in the minds of his first readers pictures of Britain also succumbing to continental autocracy.47 He intended that it should do so. The next

47. Richard Koebner demonstrated that the meaning of imperialism before the turn
chapter takes up “The Political Significance of Imperialism” and argues forcefully that liberal institutions are threatened rather than strengthened by imperialism, because in Britain’s tropical empire despotism was the universal and unavoidable method of government (124). The growth of Britain’s far-flung defense establishment also bred militarism. Both the colonial administrator and the professional soldier acquired habits of mind fundamentally at odds with liberal democracy. There was a clear and present danger that these habits of mind would at last invade Britain herself (140-143, 158-159). “In Germany, France, and Italy the Liberal party as a factor in practical politics” had almost disappeared; Great Britain and America “which have hitherto congratulated themselves on escaping the militarism of continental Europe, are now succumbing” (135, 151). For Hobson as much as for any later theorist, the symptoms of imperialism are tariffs, export monopolism, territorial expansion, militarism, and despotic methods of government.

Hobson also foresaw a war for the repartition of the globe as a likely consequence of the appearance of new industrial nations:

The priority and reckless magnitude of our imperial expansion has made the danger of an armed coalition of powers against us no idle chimera. The development of their resources along the lines of the new industrialism, on the one hand, by driving them to seek foreign markets, brings them in all parts of the world against the vexatious barriers of British possessions. (146)

This was only one of a number of nightmarish visions of the future conjured up by Hobson. “The conduct of European Powers toward China will,” he predicted, “rank as the clearest revelation of the nature of Imperialism.” It would be a very different show from the partition of Africa (a subject about which Hobson said next to nothing), because there were a number of new players: “The entrance of Germany and America upon a manufacturing career, and the occidentation of Japan, enhanced the mercantile competition, and the struggle for the Far Eastern markets became a more definite object of national industrial policy” (327).

Within this mise en scène Hobson played out no less than five different scenarios. In one, traditional China preserves its independence but delays modernization by playing her enemies off against each other. In another, Japan wins an open-door competition for the penetration of China. In a third, Western resistance to her designs provokes the Japanese to “organize a great military and naval power in which she will utilize the latent force of China to drive the Western nations out of the China seas.” In scenario four, European of the century derived originally from criticisms directed at Louis Napoleon’s Second Empire in France. The word connoted Bonapartism and illiberalism in government. See R. Koebner and Helmut Dan Schmidt, Imperialism, The Story and Significance of a Political Word, 1940-1960, 1-26. Koebner’s book is not, however, a reliable guide to the use of the word imperialism outside Britain and after 1900. Less than 80 of the book’s 341 pages concern the twentieth century.

48. From the 1905 edition, 279.
investors behave like modern multinational companies. They force their capital into China and unleash an industrial revolution. Part of the profits from development go to endow a new powerful capitalist caste in China itself, who, "following the Western lines, would ally themselves with imperialist politics in order to protect their vested interests. Capitalism, centralized government, militarism, protection, and a whole chain of public regulations to preserve the new order against the rising of old conservative traditional forces—such would be the inevitable outcome" (343). Unlike the first four scenarios, which display some uncanny foresight, the last of Hobson's visions bears little resemblance to any real situation. He imagines an agreement "to secure international peace in Europe and some relaxation of militarism" so that the peaceful development of China could proceed (335). Masses of superindustrial yellow men are organized to extract profits for a parasitic oligarchy in Europe who bask in luxuriant idleness while impoverished masses slide into virtual serfdom. In this evocation of the later stages of the Roman Empire mercenary armies and oppressed "barbarians" eventually threaten a "degradation of Western States and a possible débâcle of Western civilization."49 Such dark forebodings run throughout Hobson's study giving the lie to popular generalizations about Edwardian optimism. They prefigure the apprehensions of later theorists who had the World War at hand to supply extra inspiration. They are very important to an understanding of Hobson's study, not only because they correct the image sometimes suggested of Hobson as a cheerful liberal who believed an easy adjustment in the consuming power of the working class could end imperialism, but also because they indicate the forward bent of his thinking.

To sum up, Hobson's theory of economic imperialism based on the export of surplus investment capital is not intended to explain Victorian territorial acquisitions. It explains the gravitational forces linking together an ominous new constellation of factors in the political economy of Europe—a constellation whose hottest stars were protection, militarism, monopolies, territorial aggrandizement, and illiberal government. His great fears were that democracy in Britain and the United States would be submerged by the new movement, and that the progress of social reform would be indefinitely delayed. This is not to say that Hobson disregarded the partition of Africa, Oceania, or Southeast Asia. He thought those conquests to be a dirty piece of business that was bound to have bad consequences. But he found that the Cobdenite thesis

49. Hobson, 145. For other invocations of the Roman analogy see 144, 335, 387-389. Hobson's scenarios four and five evoke (as Lenin noticed) Kautsky's bogey of ultra-imperialism, because international aggression is suppressed in the interests of the little cliques of investors who are the driving force behind the enterprise. See Lenin, Notebooks, 429-431. For a similar prophecy see Henry N. Brailsford, The War of Steel and Gold (London, 1914), 314-315. Brailsford sharpened the Wilshire-Hobson argument to fit a world on the verge of conflagration.
which attributed earlier colonial expansion to bureaucratic, settler, philanthropic, mercantile, and speculative interests provided a perfectly adequate explanation for it. The rise of protectionist, monopolist Germany and America and the complications which ensued from it seemed to require a more comprehensive theory which Hobson borrowed from the Californian Wilshire. That theory was the very thing to explain and — if only right-thinking Englishmen could be convinced — to counter the nefarious schemes of Chamberlain, who would make liberal England over in the image of imperial Germany or trustified America. Over all the ominous new economic politics hovered the specter of the Roman imperial eagle presaging a possible new decline and fall.

If the reading of Schumpeter, Luxemburg, Kautsky, and Hobson set out above is correct, the conclusions reached by Stokes in his analysis of Lenin can be extended to cover all the classic theories of imperialism except Hobson’s first Cobdenite thesis. The attack on the theory of economic imperialism through the analysis of later nineteenth-century colonial expansion is precisely what Stokes says it is, “a case of mistaken identity.” The attackers jumped the wrong men because: (1) they wrongly assumed that the imperialism attributed to a change in the basic functioning of capitalism was supposed to have happened between 1870 and 1900; (2) they wrongly assumed that the imperialism described in the theories was synonymous with the acquisition of colonies. It follows that: (1) attempts to prove or disprove the classic theories by studying the scramble for colonies before the late 1890s will inevitably fail and should not be undertaken; and (2) the conclusions reached by historians of nineteenth-century colonial expansion can have little bearing on whatever validity the theories may have for our understanding of early twentieth-century history.

VI

Examining the reasons why the mistake occurred will assist this reformulation of problems of imperialism. The historical context in which the discussion of economic imperialism first arose has not been sufficiently studied. It has been generally assumed that a theory held most strongly by socialists must have its origin in socialist theory. This assumption led E. M. Winslow and D. K. Fieldhouse, for example, straight past the discussion at the turn of the century into the early nineteenth-century origins of Marxist theory.50 This intellectual fishing expedition was quite unnecessary. Nearly fifty years ago the great historian William Langer correctly identified the source of the theory of eco-

nomic imperialism as "thoroughly bourgeois writers in the United States." The notes left by Wilshire and Lenin confirm Langer's assertion that worried capitalists — not left liberals and socialists — first propounded the ideas that excessive powers of production force an armed competition for external markets, that trusts and cartels require protection in order to make profits, that a glut of capital seeks profitable fields of investment outside the domestic market. Wilshire's favorite source of telling quotations was the magazine *United States Investor.* A very large proportion of Lenin's *Notebooks on Imperialism* is copied from banking and financial journals. Hobson's opening paragraphs in the famous chapter on "The Economic Taproot of Imperialism" are pretended quotations portraying imperialism as an economic necessity. Very similar paragraphs can be read in economic journals of the time. Consider, for example, this passage from *United States Investor* which Wilshire reprinted under the title, "Interest is Vanishing, Imperialism a Necessity."

The whole civilized world has become equipped with an excessive machinery of production. . . . Hence came a larger fund of capital seeking investment than can find profitable employment. . . . Hence has come the necessity for new permanent investments, which has bid up the price of every first-class security on the European and American market, and in consequence forced down to the vanishing point interest on safe investments. . . . Relief [is] to be found for these conditions in colonial enterprise . . . by affording new outlets for finished goods and new opportunities for investments.

When economists and financial journalists made statements of this sort at the turn of the century they were not, of course, purporting to describe the previous behavior either of capitalists or governments. They were simply stating their belief that a policy of imperialism now would avoid future problems. The original theory of economic imperialism therefore had nothing whatever to do with history.

The socialist contribution to the development of the theory was the assump-

52. *United States Investor,* which began as a small weekly newspaper in Boston in 1891, became one of America's most durable financial journals. I have been unable to identify the editor who provided Wilshire with a stream of quotable material between 1898 and 1902.
tation that what the capitalist advocates of imperialism stated as an unprovable opinion about the future was literally true — a crucial assumption that turned a policy recommendation into an account of history. One can hardly blame the socialists for taking the capitalists at their word, especially since it appeared to confirm longstanding predictions that evolving capitalism would eventually get into serious difficulties. At the same time it should be noted that the right-wing version of the economic theory of imperialism was a relatively short-lived phenomenon. When the supposedly inevitable "glut of capital" seeking an outlet disappeared, capitalists ceased to expound their theory. By that time, however, the popularity of Hobson and Hilferding had assured the orphan theory a permanent home on the left. It henceforth lived a life of its own which became excitingly intense at the time of the first World War.

Colonies, repressive government, protection, militarism, and, to a certain extent, monopoly all survived the war, but the states that were truly empires in the continental sense, the strongholds of conservatism and autocracy, did not. The Hohenzollerns of Prussia, whose proclamation of the German Empire in 1870 first suggested a particular date for the beginnings of new imperialism, were gone. So were the Romanovs, Hapsburgs, and Ottomans. In their absence the abstraction known for the previous twenty years as imperialism tended to disintegrate into its component parts. To be sure, the full-blown concept of imperialism did survive in Lenin's U.S.S.R., where it continued for several decades to be useful in explaining contradictions tending toward war among capitalist countries. Insofar as Lenin prescribed wars of national liberation as an antidote to capitalism, it was also useful to communist propagandists in Europe's colonies. In the West, however, the word imperialism very quickly came to mean simply colonies and the process of getting them. A new generation of reformers appeared, men like Leonard Woolf who resembled the classical theorists in their overwhelming concern with the present and the immediate future, and who therefore remade the concept of economic imperialism to serve their primary purpose of promoting reform and devolution in the colonial empires. Woolf presents an account of imperialism very like the straw man assaulted by later historical revisionists:

By imperialism is meant that world movement which led in 20 years to the partition of practically the whole of Africa and large areas of Asia and all the islands of the Pacific among the four Great Powers, Britain, France, Russia, and Germany, and the smaller Powers, Italy and Belgium. . . . The scramble for territory had as

55. As late as 1911, however, Norman Angell, while denying the need for armed conflict, took for granted that each developed nation needed to "find a field for the employment of her capital." See The Great Illusion (London, 1911), 228.

56. Winslow's Pattern of Imperialism, sometimes cited as one of the first of the new wave of assaults on economic interpretations of colonial expansion, was actually aimed at dissociating capitalism from twentieth-century war. See vii-viii in which he writes that "it makes little difference whether we speak of 'militarism and war,' or 'imperialism and war.'"
its main object the acquisition of a monopoly of the markets and raw materials . . . and for the acquiring imperial Power. . . . rivalry and hostility became more and more embittered and played a very large part in creating that state of international armed unrest which ended in the war. 57

Neither Woolf nor his political allies imagined that by breaking up the overseas empires they could rid advanced capitalist countries of monopolies, protection, militarism, or despotism. 58 They forgot the Edwardian notion that all were part of a larger whole. Gradually, almost imperceptibly, the early twentieth-century theory of investment imperialism was mated to the postwar critique of European colonialism to produce a hybrid account of the growth of colonial empires which cannot be fairly attributed to any particular theorizing parent. This changeling version of history was enthusiastically taken up by anticolonial nationalists. 59

The “imperialism problem” was born in the 1930s when such distorted versions of the classic theories of imperialism came under scrutiny by the first generation of professional historians to study the growth of Victorian colonial empires. 60 In a celebrated broadside attack on “Marxist theories of Empire” W. K. Hancock proclaimed in 1940 that “imperialism is no word for scholars.” 61 It aroused “emotional echoes” which were “too violent and too contradictory.” It did “not convey a precise meaning.” Historians, he suggested, would do better to use the concept of overlapping moving frontiers to explain the expansion of nineteenth-century empires. By making theories

58. Woolf did not employ the theory of surplus investment capital in any of his works on empires and imperialism. Nor was he in any way sympathetic to notions of economic determinism, insisting throughout his life that “beliefs and desires” were the primary determinants of social life. Economic Imperialism (London, 1920), 15; Downhill all the Way, An Autobiography of the Years 1919-1939 (London, 1967), 200-204.
59. See, for example, George Padmore, How Britain Rules Africa (London, 1936), 32-33.
60. It is often asserted that about the same time economic historians launched a devastating attack on Hobson's assertions concerning foreign investment and the profitability of colonies. See, for example, West, “Theorising About 'Imperialism,'” 149-150. A close reading of the most frequently cited works, Grover Clark's Balance Sheets of Imperialism (New York, 1936) and the essays of A. K. Cairncross later collected in Home and Foreign Investment 1870-1913 (Cambridge, 1953) will reveal that they did nothing of the kind. Clark's book reiterates rather than attacks Hobson's argument that colonizing states spent more money than they gained from their overseas adventures. Cairncross concluded that returns on British foreign investment were consistently good before 1914 and speculated that without these convenient 'sinks' for British capital "we might have had to put up with a lower level of world investment, and of employment and income in Britain, if the difficulties in the way of foreign investment had been greater." Indeed, "a gloomier view may be taken. The alternative may have been to accumulate capital abroad or none at all." (222-235)
of imperialism synonymous with "theories of Empire" Hancock opened the way for historians to test those theories against the late Victorian archival records of the greatest colonial power, records which were just becoming available as the moving frontier of Britain's fifty-year rule receded into the past.

The archival hunt was briefly postponed, however, by World War II, which gave a further twist to discussions of imperialism. In Britain the old polemicians H. N. Brailsford and Norman Angell had briefly revived the debate on the relationship between capitalism and militarism on the eve of the war, but after the war, discussion veered sharply in a new direction. Domination of world politics by two super powers, only one of which was capitalist, was a situation worlds removed from Edwardian models. With the apparent extinction of intracapitalist rivalries (the way was open for Kautsky's resurrection) communist theorists tended gradually to follow the noncommunist left in reducing imperialism to issues primarily affecting the underdeveloped world. Decolonization had begun and defenders of empire, seeking gradual transitions and anticommunist successors, were anxious to dispel the idea that colonies were created by capitalism and could only be freed by socialism. Then, too, there was the Cold War. In view of the iron curtain draped across western Europe by Soviet hegemonists, it seemed gross hypocrisy and damned villainy for the Soviets to claim that imperialism (now almost universally equated with the extension of political sovereignty to distant territories) was the highest stage of capitalism and therefore something communists could not do. This was not a very good era in which to undertake dispassionate historical scholarship. But this was the very time when it first became possible to get an insider's view of Britain's part in the twenty-year scramble for overseas territories. Understandably, the first item on a good many agendas for research was the role of mercantile and investment capital. While scholars from a number of fields elaborated theoretical attacks on the concept of economic imperialism, historians of consummate dexterity buried themselves in the archives. Africa, whose partition had barely been touched upon in the Edwardian theories of imperialism, became the preeminent object of study.

64. An imperial historian recently summed up the consensus of his colleagues on theories of imperialism when he referred to the partition of Africa as the "classic target of mono-causal explanations"; Bruce A. Knox, "Reconsidering Mid-Victorian Imperialism," Journal of Imperial and Commonwealth History 1 (1973), 158. See also D. C. M. Platt, "Economic Factors in British Policy during the 'New Imperialism'," Past and Present 39 (1968), 126. Trevor Lloyd also accepts Africa as the preeminent testing ground in his generally perceptive article "Africa and Hobson's Imperialism," Past and Present 55 (1972), 130-153.
Historians ignored Hancock's advice and proceeded to invent new categories of imperialism — "informal," "sub," "free-trade," "reactive." All this activity came to a head about the time that Kennedy assumed the imperial presidency. In 1960, Henri Brunschwig published *Mythes et réalités de l'imperialisme colonial français 1871-1914* (Paris, 1960). In 1961, the *Economic History Review* published Fieldhouse's celebrated attack on the "Hobson-Lenin thesis," and almost simultaneously *Africa and the Victorians* appeared. A series of "problem books" brought all the new scholarship down to the college student's level. Chilly breezes from the Cold War blow through many of these pages. This concerted assault might very well have provided the last words on the subject had the United States not embarked on its Vietnamese adventure. The war in Southeast Asia revived left-wing discussion of the classic theories. It was not surprising that something like Eric Stokes's thoughtful rereading of the problem should appear in 1969.

It is too late now to revive Hancock's call for historians to banish imperialism from their lexicons. For better or worse, the word has become the accepted shorthand phrase to denote all forms of domination in international relations. Theories of imperialism, too, are likely to be debated so long as the rich and powerful regions of the earth entangle their affairs with poor and weak regions. Historians have long been handicapped in their contributions to these debates by misreadings of the classic theories of imperialism. The unjustifiable extension of those theories — propounded between 1898 and 1919 for the specific purpose of explaining the behavior of developed nations in that era — to cover events long before and after that era has misdirected research. There are, in fact, three distinct historical problems of modern imperialism, each one of which stands in a different relationship to the classic theories. These are: 1) the problem of overseas colonial expansion by a handful of European nations in the nineteenth and earlier centuries; 2) the problem of

65. The earliest of the imperialism problems for students I have seen is in *A Quest for a Principle of Authority in Europe 1715-Present*, ed. T. C. Mendenhall, B. D. Henning, and A. S. Foord (New York, 1948), 283-311. As an example of ideology in the problem books, consider the following preface by Louis L. Snyder to his *Imperialism Reader* (Princeton, 1962), ix: "The great colonial empires of the West are shown as being reduced to a fraction of their former size as the great age of imperialism gradually comes to an end. The final section, Part 10, discusses the new Communist imperialism pouring into the vacuum left by the decline of Western imperialism. While Premier Nikita S. Kruschev loudly condemns Western colonialism as 'disgraceful, barbarous and savage,' and while the Soviet Union sets itself up as the sponsor of 'liberation movements' in Africa and Asia, the U.S.S.R. swallows up whole nations as it builds one of the largest empires in history. We see both the Soviet and Chinese Communist empires as the only major imperial systems which are not liquidating themselves, as others have done, but are still seeking to expand in all directions."
assessing economic motives behind the behavior of great and would-be great powers in the period between about 1895 and World War I; and 3) the problem of explaining the expansion of capitalism from its European homeland.

As Richard Koebner demonstrated many years ago, no one applied the word imperialism to European colonial expansion until the very end of the nineteenth century. The ink that has been spilled in attempts to demonstrate the existence or nonexistence of economic "imperatives" for that expansion before the end of the nineteenth century has largely been wasted. It has been wasted because the imperatives identified by the Edwardian theorists were all new phenomena — high tariff policies, excess productive capacity, and surplus investment capital generated by consolidation in industry. Both Marxist and anti-Marxist historians have been at fault in hunting for these phenomena where they cannot be found. Some Marxists, wrongly assuming that correct theory requires Europe to need Africa, have gone back to the nineteenth century to look for appropriate evidence. Non-Marxists such as Robinson and Gallagher reached prematurely categorical conclusions about "the theory of economic imperialism":

The British colonies and protectorates in tropical Africa had not been claimed originally because they were needed as colonial estates. Rather, they had been claimed for strategic reasons, and they had to be developed as colonial estates to pay the costs of their administration. . . . As an explanation of European rule in tropical Africa, the theory of economic imperialism puts the trade before the flag, the capital before the conquest, the cart before the horse.67

As we have seen, none of the classic theorists said any such thing. Not only did Robinson and Gallagher misunderstand the intentions of the first Continental theorists of imperialism; they failed to do justice to Hobson, the one early theorist who did have much to say about the growth of Victorian colonial empires. His first, Cobdenite, thesis argued that a group of highly visible vested interests were the prime movers in the work of expansion. His long list of "economic interests" includes numerous agents who were neither investors in or traders to the overseas empires: government contractors, railway builders, shippers, engineers. He claimed that those agents maintained close, collusive relations with branches of the government. Long before Robinson and Gallagher, Hobson singled out the official mind as a major factor in colonial expansion. He did not claim that vested interests operated mainly within the metropolis; they operated both at the periphery and at the center. Some of these interests have been studied by historians; the work undertaken by Galbraith, Hopkins, and others on company history goes some way toward

66. For example, Richard D. Wolff in The Economics of Imperialism (New Haven, 1974), 1-29.
displaying the interplay of private and public enterprise.68 But there is still much to be done. For example, historians of British expansion have yet to follow the lead given by French historians in scrutinizing the role of the military. By oversimplifying the character of economic interests, Robinson and Gallagher pulled the original debate on imperialism out of its historical context, pulled the rug from beneath researchers, pulled the wool over our eyes.

The second problem of imperialism concerns the behavior of great and would-be great powers between about 1895 and World War I. At the beginning of this period financial and economic writers — first in America and later in Europe — predicted that capitalist nations would have to use the armed power of the state to acquire and defend new fields for the employment of “surplus” investment capital. Socialists such as Wilshire, Hilferding, and Lenin took these predictions to be statements of fact (while liberals such as Hobson and Schumpeter attempted to refute the hypothesis of necessity). In 1910 Norman Angell created a sensation by attacking the idea that nations could enrich themselves by conquering near or distant territories as “the great illusion” that imperiled the peace of the world. How widespread was this belief that the armed power of the state must be deployed abroad to advance and/or preserve the economic well-being of advanced capitalist economies? Misreadings of the Edwardian theorists of imperialism have hampered the investigation of this still pertinent question by encouraging researchers to dig in the wrong places. Delving into the reasons for Victorian colonial expansion cannot help to decide whether Edwardian statesmen acted in accordance with a belief that was clearly enunciated only at the end of the century. Robinson and Gallagher disregard the economic imperialism of Joseph Chamberlain on the ground that he came to power too late to matter much in the business of scrambling for Africa.69 But to the first theorists of imperialism it was the effect of thinking along Chamberlain's lines after 1895 that mattered most, and not just thinking about colonies or Imperial Federation but thinking about the role of the armed state in relation to the entire world economy.70 There is, of course, a vast literature on the causes of the first World War, but theories of imperialism have received less and less attention in this literature as the


70. Sydney Olivier, who worked in the Colonial Office in the 1890s, later testified that “an obscure conflict was waged between those older traditions of Colonial Office and the accordant policy advocated by Sir H. B. Loch . . . on the one side, and the British Imperialist politicians and financiers and expansionist Afrikanders, abetted by the British Government of the period and by the Foreign Office on the other. The capitalist commercialists and the Afrikander policy won.” See The Anatomy of African Misery (London, 1927), 62.
meaning of imperialism has gradually contracted to colonialism. Historians have rightly poured scorn on the notion that competition for undeveloped territories in faraway places could have produced a conflagration in Europe (just as Rosa Luxemburg poured scorn on that notion in 1916). That, however, was not the premise of the classic theorists of imperialism. Their insistence that the real or imagined need for the armed state to promote economic well-being was the most basic cause of the war is still a hypothesis worth testing against the historical record. In a similar fashion, it appears that misconceptions about theories of economic imperialism have misdirected research in American history. James A. Field, Jr. recently surveyed the literature and concluded dismally that American imperialism is “The Worst Chapter” in almost any general text on U. S. history. The burden of his criticism is that vast, spurious, intellectual and economic forces are invoked to bring forth the mice of the Spanish-American War and the annexation of Hawaii. According to the classic theorists of imperialism, however, the place to look for the impact of economic pressures is after, not before, the late 1890s. In his famous analysis of the “expansionists of 1898” Julius Pratt drew attention to the interesting fact that American business opinion, which had mostly opposed the war with Spain in 1898, underwent a change of heart in the course of the campaign. To what extent, if any, did the American government act on the premise of the “necessity of imperialism” in the first decades of the twentieth century? What place did the threat of force play in the minds of State Department advocates of the Open Door Policy? Was Schumpeter entirely correct in his assertion that the failure of Roosevelt's Bull Moose campaign in 1912 signaled the “abject defeat” of imperialism in America?

The third historical problem which needs to be clarified in relation to the classic theories of imperialism is the problem of the expansion of capitalism. It is doubtful whether historians of any ideological persuasion have benefitted

71. Theorists, however, diverged widely on the question of whether the war was necessary. For example, Lenin held that capitalist nations could not have avoided the war; Norman Angell, that the war was caused by deluded economic and political thinkers; Brailsford, that financial interests had an interest in keeping Europe on the brink of war but that they wished to avoid war itself; and Schumpeter, that the Central and Eastern European autocracies were completely to blame.


73. Julius W. Pratt, Expansionists of 1898 (Baltimore, 1936), 273-278. When Gaylord Wilshire’s favorite capitalist journal, United States Investor, presented its new-found case for the “economic necessity” of imperialism, it treated the acquisition of colonies as the base rather than the objective of the policy. According to the Investor, the U. S. Constitution condoned aggressive as well as defensive war; new territories to govern and a greatly expanded diplomatic corps would make “opportunities for employment for young men who do not find sufficient scope at home”; new orders for warships at home and contracts for engineering services abroad would help soak up “the plethora of funds” looking for profitable fields of investment. See United States Investor, May 28, 1898, 752-753; July 23, 1898, 1033; Aug. 13, 1898, 1130; Dec. 10, 1898, 1749-1750.
from the gradual obliteration of the distinction the first theorists drew between imperialism, an activity of states, and the expansion of capitalism throughout the world, a process that occurred sometimes with and sometimes without state aid. There has, for example, been a good deal of confused and unnecessary speculation on the meaning of decolonization for capitalist systems. Much of this speculation has been grounded on two common misconceptions about the Edwardian theories of imperialism: first, that imperialism was synonymous with overseas colonies; and second, that it was maintenance of political sovereignty which was supposedly necessary for the continued health of capitalist systems. Rereading the cogent observations of Rosa Luxemburg, Hobson, and H. N. Brailsford on the advantages which could accrue to capitalist investors in undeveloped countries deliberately kept outside western colonial empires ought to be enough to dispel these misconceptions.

Another regrettable consequence of misunderstandings about the classic theories has been the trend beginning in the 1930s to apply the term economic imperialism to any and all operations of business which create relations of dependence or domination between the metropolitan centers of the capitalist west and the rest of the world. This is something that the first theorists of imperialism did not do. For them state action was the essential identifying characteristic of imperialism. Even the new generation of anticolonial propagandists who emerged after the first World War used the phrase to mean the aggrandizing activities of states undertaken primarily for economic reasons.

74. In a recent book review A. J. P. Taylor remarks that “imperialism has disappeared without the social revolution that Lenin postulated”; “From Left to Right,” The Observer, 21 Jan. 1979. See also Economic Imperialism, ed. K. E. Boulding and T. Mukerjee (Ann Arbor, Michigan, 1972), xiv-xv. On the left, Arghiri Emmanuel observes, “the concepts of neo-colonialism and neo-imperialism . . . were devised for argument’s sake, in the face of an unexpected situation,” i.e., the break up of the great colonial empires “in a few years without proportionate violence and without any marked impoverishment of the great imperial parent states”: “White-Settler Colonialism and the Myth of Investment Imperialism,” New Left Review 73 (1972), 35.

75. Alan Hodgart, in The Economics of European Imperialism (London, 1977), 75, pronounces that “Economic imperialism . . . is concerned with international reallocation of resources, i.e., with international flows of labour and capital, and with international trade which requires internal resource allocations.” This is to make economic imperialism virtually synonymous with the interdependent world economy. Michael Barratt Brown in The Economics of Imperialism (Harmondsworth, 1974) revives Rosa Luxemburg’s argument that the expansion of capitalism perpetuated precapitalist formations in many parts of the world which accentuate inequalities between the developed and underdeveloped world. Unlike Rosa Luxemburg, however, he calls this process imperialism.

76. Leonard Woolf gave this definition: “Economic Imperialism. Under this term I include the international economic policy of the European States, of the United States, and latterly of Japan, in the unexploited and non-Europeanized territories of the world. . . . I call it imperialism because the policy always implies either the extension of the State’s territory by conquest or occupation, or the application of its dominion or some form of political control to people who are not its citizens. I qualify it with the word economic because the motives of this imperialism are not defence or prestige nor con-
Neither the export of capital nor the recruitment of cheap labor nor the most remorseless extraction of unearned income in foreign parts constituted imperialism. Indeed, the enemies of capitalism regarded these phenomena as features of business as usual in any country. It was the intervention of states using force or the threat of force to secure economic advantages that turned capitalism into capitalist imperialism. H. N. Brailsford put the matter very precisely in his definition. Imperialism, he wrote in 1914, is the “constant acquisition of economic opportunity by political pressure.”77 The reason that most socialist theorists identified imperialism as a new stage in the evolution of capitalism is that the apostles of free trade who epitomized the spirit of nineteenth-century capitalism had been more or less consistent enemies of state action. Free trade, liberty of contract, peace, and disarmament had been their slogans. The newfound enthusiasm among capitalists for action by the armed state seemed a phenomenon worth explaining. But it was a phenomenon historically and analytically separate from the broader question of the geographical distribution of economic power within capitalist systems.78 The rise of “economic imperialism” as an object of study separate from the activities of states engendered unnecessary confusions. It is a phenomenon notoriously difficult to pin down. What degree of foreign investment or branch banking or bribery creates the condition of economic imperialism? How does the dependent position of depressed regions of the United Kingdom or the United States differ from that of dependent, underdeveloped regions in other continents? There appears to be no good reason why this newly minted concept of economic imperialism should not be discarded. Spatial inequalities in the distribution of decision-making power within the world economy can be adequately described and studied without invoking yet another category of imperialism.

Untangling the three distinct problems which time and politics gradually bound into a single unwieldy “imperialism problem” ought to benefit everyone concerned with the history of Europe’s long and complex relations with the non-European world. Historians who distrust economic interpretations and who have long regarded the classic theories of imperialism as woefully inadequate explanations for the building of overseas colonial empires before the twentieth century should welcome a demonstration that those theories have little or nothing to do with their studies. Historians who like economic interpretations should be glad to be free of the unjustified aspersions cast

quest nor the ‘spread of civilization,’ but the profit of the citizens, or of some of the citizens of the European State.”

77. Brailsford, War of Steel and Gold, 74.

78. This was the point Kautsky was making when he wrote that although the drive to expand was “one of the conditions of the existence of capitalism,” that drive could take many forms. “One particular form of this tendency is imperialism. Another form preceded it: free trade” (Kautsky, “Ultra-imperialism,” 41). Rosa Luxemburg recognized the same distinction by reserving the term imperialism for the period after the middle 1890s in her historical analysis of the expansion of capitalism.
upon their approach based on the alleged failure of the classic economic theories of imperialism to fit the facts of Victorian colonial expansion. Rediscovering the bourgeois origins of the first theories ought to promote a reevaluation of those theories in the historical context for which they were intended. Separating the question of the causes and consequences of the centuries-long expansion of the European capitalist economy from the narrower question of why colonial empires rose and fell will sharpen discussions of development and underdevelopment. There are all these advantages to be gained from reformulating historical problems of imperialism. There is only the misconceived “imperialism problem” to lose.

University of Adelaide