

Lecture 7: Empire, 1870-1914

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This Draft: August 6, 2009

Rudyard Kipling, “The White Man’s Burden” (1899):

Take up the White Man's burden—/ Send forth the best ye breed—
Go, bind your sons to exile/ To serve your captives' need
To wait, in heavy harness/ On fluttered folk and wild—
Your new-caught sullen peoples,/ Half devil and half child.

Take up the White Man's burden—/ In patience to abide,
To veil the threat of terror/ And check the show of pride;
By open speech and simple./ An hundred times made plain,
To seek another's profit/ And work another's gain.

Take up the White Man's burden—/ The savage wars of peace—
Fill full the mouth of Famine/ And bid the sickness cease;
And when your goal is nearest/ (The end for others sought)
Watch sloth and heathen folly/ Bring all your hope to nought....

Take up the White Man's burden./ And reap his old reward—
The blame of those ye better/ The hate of those ye guard—
The cry of hosts ye humour/ (Ah, slowly!) toward the light:—
“Why brought ye us from bondage./ Our loved Egyptian night?”...

Empire

Trade—the exchange of goods and services for goods and services, enriching both parties—and international finance—the flow back and forth of claims to ownership of private capital and government debt, with their consequent disturbances to terms of trade between country and country and between the present and the future—were not the only important elements of the pre-World War I economic system. There were also empires: the greatest empires the world had ever seen; empires spanning several continents; empires that in some ways accelerated and in other ways greatly retarded humanity’s slouching progress towards utopia.

Moreover, economics is mostly but it is not totally a positive-sum, win-win set of social institutions. Relative economic status matters: the richest and most economically-powerful nation can often exert a type of loose hegemony in at least three dimensions:

First, if there is to be any central management of the global economy, the leading economic power must take the lead and the initiative or there will be no central management at all.

Second, economic leadership can be translated into a kind of cultural leadership; to be at the forefront of production and exchange often makes people in other countries attempt in various ways to imitate a variety of institutions and practices.

Third, economic leadership can be translated into political and military leadership because ultimately the sinews of war are money and productive power, and ultimately political force is greatly multiplied if it has at least a potential for powerful military backing.

Thus the imperial dimension has two aspects. The first is, of course, whose are the flags that fly, signifying dominion over palm and pine. The second is which nation is or is on the point of achieving a certain technological, commercial, and economic preeminence. And in this the twentieth century sees the very interesting supercession of Britain by the United States as the leading industrial and commercial power—although so far no clear signs of any other power superceding the United States at the end of the twentieth century.

Wellsprings of Machine-Gun Empires

Hobson and Schumpeter. Both fundamentally see imperialism as a con game. Empire may be worthwhile for those at the sharp edge—the Cecil Rhodeses and the Lord Lugards—and certainly for the settlers who colonize and rule or exterminate or displace the previous inhabitants. But for the people who remain behind? Almost certainly better to cultivate one's own garden and trade than conquer—especially with blowback, especially with blowback with modern industrial weapons.

Hobson is a proto-Keynesian. He believes that the major economic problem is the business cycle that causes mass unemployment, and that the business cycle is made much worse by the maldistribution of income. The rich save. But saving is only translated into investment and thus effective demand if the animal spirits of businesses are irrationally exuberant. Sometimes they are not. The only potential balance wheel—the only other source of autonomous aggregate demand—is exports. Hence empire as a way of creating and managing export markets so they can take up the slack, and the rich can continue to collect their wealth without triggering enough business cycle instability to bring the system down. Hobson believes—absent the triumph of social democracy to produce a more equal distribution of income and so a flow of aggregate demand less vulnerable to crises of confidence—that as market capitalism advances, the need for imperialism will become greater.

Schumpeter, by contrast, believes that as market capitalism advances, imperialism will become weaker. He sees imperialism as the last gasp of military status aristocracy. Sir whatsit and Lord whoever and Colonel whichway essentially function as the equivalent of today's professional athletes in making people proud of their team: imperialism as spectator sport. Schumpeter hates this. And he thinks that it is on the way out. Here I think he was wrong: nationalism-as-glue to wield nations together appears stronger than ever, although open imperialist war is rare.

Why the Machine-Gun Empires?

W. Arthur Lewis (1979), *Growth and Fluctuations, 1870-1913* (London: George Allen and Unwin):

The imperialists tell us that the finest contribution of the core to peripheral countries was good government. The anti-imperialists argue variously that empire was in good but in due course outlived its time; that it was irrelevant to development; that it actually held back development by prohibiting certain activities or channeling them into spheres of limited potential; or that it de-developed, in the sense of actually reducing living standards or even killing people. Since colonies were governed very differently—the “colonial system” is another myth—one could nominate at least one country to fit each of these categories, from best to worst...

Europe's sixteenth century overseas empires, in Latin America, in the Philippines, and in the spice islands of Indonesia, had firm economic rationales: in the words of the chronicler of the Spanish Conquistadores, Spain's warriors conquered the New World "to spread the word of God, and to get rich." Control over the high-value low-weight luxury goods of East Asia, or over the precious metals of Latin America, could make individuals' fortunes and provide a healthy boost to any early modern European royal treasury.

Europe's seventeenth and eighteenth century overseas empires also had an economic component: obtaining a near-monopoly of the tobacco or the slave trade, or conquering the sugar-growing islands of the Caribbean, could boost mercantile prosperity.

But by the nineteenth century little was needed in the way of luxuries that could not be made more cheaply in the industrial core of the world economy, and little was to be found in raw materials from further extensions of European empires. Yet the nineteenth century saw the European great powers complete their conquest of the world. In the last years before World War I, only Ethiopia, Siam, Persia, Afghanistan, the Ottoman Empire (the core of which is now Turkey), China, and Japan could claim to be neither a colony nor an ex-colony of Europe's great powers. And the independence of all those save Ethiopia (which had slaughtered an invading Italian army) and Japan (with its junior empire of Taiwan, Korea, and scattered Pacific islands, along with large chunks of Manchuria) was heavily compromised.

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East Asia, or over the precious metals of Latin America, could make individuals' fortunes and provide a healthy boost to any early modern European royal treasury. Europe's seventeenth and eighteenth century overseas empires also had an economic component: obtaining a near-monopoly of the tobacco or the slave trade, or conquering the sugar-growing islands of the Caribbean, could boost mercantile prosperity. But by the nineteenth century little was needed in the way of luxuries that could not be made more cheaply in the industrial core of the world economy, and little was to be found in raw materials from further extensions of European empires. Yet the nineteenth century saw the European great powers complete their conquest of the world.

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To give just example: at the battle of Omdurman in the Sudan in 1898, 10,000 soldiers of the Mahdist Sudanese regime died; only 48 British and Egyptian soldiers died. The difference was not entirely due to superior European military technology. After all, the Mahdist regime did have machine-guns, telegraphs, and mines—all bought from European suppliers. What it did not have was the organizational capacity and discipline to make effective use of them.

The outcome was integration into the European dominated world economy, political submission—either formal or informal—to rule by European proconsuls, and what we might call "cultural contamination": the spread of European languages and European views of life around the globe. Missionaries brought European religions. Proconsuls interested in uplift brought European-style schools. Europe-originated culture, methods of administration, science, and technology began to percolate down through non-European societies as the children of the past and the members of the future elite were taught—in European languages—how "our ancestors the Gauls" had fought the Romans in the first century B.C.

European technologies percolated up through non-European societies as international investments paved the way for world trade: harbors, railroads, factories, and (most important) plantations sprung up from Bali in what is now Indonesia to Accra in what is now Ghana.

In Latin America, the U.S. helped the continent avoid a second round of recolonization. The "Munroe Doctrine" declared that the U.S. would oppose any attempt to impose European rule on the former Spanish colonies, and it served Britain's interest to use the British navy to support the formal independence of Latin America. (During the U.S. Civil War of 1861-1865, however, the French did attempt to set up a Mexican empire under a client Austrian prince). But toward the end of the nineteenth century United States politicians began to exert U.S. influence in Latin America, not just to bar potentially-hostile European powers from having American colonies. The aim was "to teach the Mexicans [and others] to elect good men," in the words of President Woodrow Wilson. Steamships and the rise of American interest in Asia made the United States government much more sensitive to central America: one consequence was U.S. intervention in Colombia, triggering the secession of a piece of the country, the establishment of the independent republic of Panama, and the Panama Canal.

After a brief aggressive war against Spain, Puerto Rico and the Phillippines became U.S. possessions at the turn of the century. Cuba gained an "independence" that guaranteed the U.S. a right of intervention. The U.S. provoked the break-up of Colombia in order to create an independent Panama in which to build a canal, established a protectorate over panama, and placed the canal zone itself under U.S. administration. U.S. interventions in Cuba and the Dominican Republic were frequent; the marines landed in Nicaragua in 1912, at Vera Cruz in Mexico in 1914, and in Haiti in 1915.

The expansion of european empires was coupled with a willingness to hand over power over local affairs to locals—to white locals. Canada gained its substantive independence from Britain with the granting of "Dominion status" in 1867, nearly two decades before the completion of the Canadian Pacific Railroad in 1885 made "Canada" as an economic unit even possible. The various British colonies in Australia were gathered into the self-governing Commonwealth of Australia in 1901. Self-government for New Zealand followed in 1907. And the Union of South Africa was established with Dominion status in 1910, even though the majority of the

white population of the newly-established Union had been at war with the British Empire only a decade before.

The Scramble for Africa

The Great Illusion

Now on to Norman Angell. Perhaps the saddest book on my bookshelf is Norman Angell's *The Great Illusion*. Here we read Norman Angell on the Balkan War: only 40% of the size, and . Against empire, against war, for national resistance—although "national" is a contested and complicated concept in the Balkans.

Hopes to see the end of war. Denounces:

the sophistries and illusions by which the war system is still defended. If the public as a whole had to follow all the intricacies of those marvellous diplomatic combinations... public opinion would go on being as ignorant and mistaken as it had been hitherto. But sound opinion and instincts in that field depend upon nothing of the sort, but upon the emergence of a few quite simple facts, which are indisputable and self-evident.... For instance, if conquest and extension of territory is the main road of moral and material progress... then... the position of the Russian should be more desirable than that of the Hollander.... The Austrian should be better off than the Switzer....

If a nation's wealth is really subject to military confiscation, and needs the defence of military power, then the wealth of those small states should be insecure indeed—and Belgian national stocks stand 20 points higher than the German. If nations are rival units, then we should benefit by the disappearance of our rivals—and if they disappeared, something like a third of our [British] population would starve to death.... If the growing power of Russia compelled us to fight a great war in alliance with the Turk to check her "advance on India," why are we now co-operating with Russia to build railroads to India? It is such quite simple questions as these, and the quite plain facts which underlie them which will lead to sounder conceptions in this matter on the part of the peoples.

It is not we who are the "theorists," if by "theorists" is meant the constructors of elaborate and deceptive theorems in this matter. It is our opponents, the military mystics.... Fifteen or twenty years ago it was the ineradicable belief of fifty or sixty million Americans, good, honest, sincere, and astute folk, that it was their bounden duty, their manifest interest, to fight—and in the words of one of their Senators, annihilate—Great Britain... at the time of the Venezuelan crisis: the

United States... laid it down... that her existence was imperilled if Great Britain should extend by so much as a mile a vague frontier running through a South American swamp thousands of miles away. And for that cause these decent and honourable people were prepared to take all the risks that would be involved to Anglo-Saxon civilisation by a war between England and America....

And we, of course, have had our like obsessions without number: "the independence [and] integrity of the Turkish dominion in Europe" is one. Just think of it!... What... makes these fantastic political doctrines possible... are a few false general conceptions... that nations are rival and struggling units, that military force is consequently the determining factor of their relative advantage; that enlargement of political frontiers is the supreme need, and so on. And the revision of these fundamental conceptions will... be the work of individual men. States do not think. It is the men who form the states who think....

Unless the individual man sees his responsibility for determining what is right and knowing how and why it is right, there will be no progress; there cannot even be a beginning.... [M]iracles... were the outcome of that intangible thing, an idea, an aspiration, an ideal.... [T]hey could accomplish so much in that day when the popular press and cheap literature and improved communication did not exist... in our day... the declaration of an English Cabinet Minister to-night is read to-morrow morning by every reading German?

South Africa

The expansion of European empires was coupled with a willingness to hand over power over local affairs to locals—to white locals. Canada gained its substantive independence from Britain with the granting of "Dominion status" in 1867, nearly two decades before the completion of the Canadian Pacific Railroad in 1885 made "Canada" as an economic unit even possible. The various British colonies in Australia were gathered into the self-governing Commonwealth of Australia in 1901. Self-government for New Zealand followed in 1907. And the Union of South Africa was established with Dominion status in 1910, even though the majority of the white population of the newly-established Union had been at war with the British Empire only a decade before.

South Africa is of special interest as the point of closest contact between the first and the third world—a region that was half settler colony (like Canada or Australia) and half colonial possession (like Nigeria or India). After the end in 1815 of the Napoleonic Wars that began the nineteenth

century , Great Britain retained as a strategic asset the former Dutch colony at the southern tip of Africa, the Cape of Good Hope. The British navy saw control of the Cape of Good Hope as an important safeguard for communications with British-ruled India. The Dutch monarchy did not mind—or at least did not object. The Orange dynasty was being returned to power in a much stronger position (as Kings of the Netherlands rather than as "stadtholders" of each of the individual provinces), was protected from future French interference by a British and Prussian alliance—and was allowed to annex what is now Belgium as well.

After 1815 British colonists began to arrive in the Cape Colony. The response of the Dutch-descended Boers to this growing influx of foreigners who could talk to the rulers sent out from London was to leave: to move north across the Orange River outside of the British Empire in 1835, to found the Orange Free State. Once in South Africa, the British began to expand: their annexation of the neighboring Natal triggered another exodus of Boers to the Transvaal north of the Vaal River. Zulu kingdom of Shaka. Attempted annexation of the Transvaal Republic in the late 1870s. The Xhosa, the Zulu, and other kingdoms on the ground and in the way of the British expansion put up some resistance: the Zulu kingdom even annihilated a British battalion and mauled a second at the battles of Rourke's Drift and Islandhwana, thus doing even better against the advance of European settlers and their armies than the Sioux at the Little Bighorn. An attempt to annex the Transvaal in the 1870s was abandoned when London contemplated the difficulties of maintaining effective rule over a hostile population of European-descended and European-armed farmers.

But the calculus changed when gold was discovered in large quantity in the Transvaal in 1886. The result was a huge influx of miners and speculators. Johannesburg grew in a few years to a city of 100,000—the largest city in Africa south of the Sahara. Railroads were built to transport gold to the coast, powerful pneumatic tools were installed to crush gold-bearing rock, a complicated high-technology advanced chemicals industry was built to extract gold from the rock, for although South African gold deposits were vast they were too low-quality for mining to be possible without the most advanced chemistry of the late nineteenth century. Gold made the interior of South Africa important to Europeans, the swallowing-up of the rest of Africa by European colonial powers made British geopoliticians anxious to cement control over the Cape.

British officials on the spot in South Africa provoked the Boer War in 1899. A quarter of a million British soldiers were sent to South Africa. Defeated in open battle, the Boers turned to guerrilla warfare. The British responded with the twentieth century's first concentration camps. Mao Zedong was to remark that a successful guerrilla army is like a school of fish: they must learn to swim in the sea of the people. The British at the turn of the century knew how to fight such a guerrilla army: dry up the sea in which they swim by bringing the population into "concentration camps" where they can be monitored and watched. It is effective—even though the "concentrated" civilian population dies of disease at a relatively rapid rate, and even though it impoverishes the country.

The possibility of a British defeat simply did not exist. A peace treaty ending the war was signed in 1902, annexing the two Boer republics to the British Empire. But control over the newly-conquered South Africa by proconsuls set by London or by British-speaking colonists was relatively brief. By 1906 Boer-centered political parties had won control over the Transvaal provincial legislature. 1910 saw the establishment of the Union of South Africa as a self-governing dominion, with equality for Afrikaans and English as official languages.

A millennium from now, historians are likely to judge the British and Dutch-descended colonists of South Africa less harshly than the settlers of North America, of the Argentine pampas, or of Australia. They will be struck by the—relatively only—mercy shown by settlers in South Africa to the indigenous population. In North America the standard treatment of the Cherokee, the Souix, the Pequot, and many others was to expel them by force from land that white settlers might want, to concentrate them on reservations, and to give them smallpox-infected blankets. In Australia the standard treatment of the Aborigines was to massacre them. There are no survivors from the indigenous population of Tasmania. What the Boers and English colonists of South Africa did was first to fight, and then to employ the Xhosa, Zulu, Swazi, Matabele, Basuto, and others.

Perhaps the difference was that the aborigines in Australia and the Indians in the United States were simply not very useful as employees in the land-intensive, capital-intensive agriculture of the New World or of Australia, while African employees were very useful indeed in the mine- and transport-based relatively industrialized gold-centered South African economy of the turn of the century. Perhaps the difference was that Africa was always connected by land to Eurasia, and so the coming of Europeans

bearing their diseases did not have the catastrophic consequences for indigenous populations that it had in the Americas or Australia. Perhaps the difference was that the Boers who settled South Africa were a more moral people than the American or the Australian settlers.

India

The largest empire in the world in 1870 was the British Empire. And the largest component of the British Empire—the Jewel in the Crown—was the Indian subcontinent. From May 20, 1498—when the Portuguese caravels under the command of Vasco da Gama sighted Calicut—the rulers of India had viewed the European ships, the trade goods they brought, and the trading posts they established as assets: the European silver was welcome and could be taxed, and the merchants governed themselves and did not cause trouble. When they fought, it was against each other and at sea—for example the 1612 Battle of Suvali off Surat, where the warships of the British East India Company defeated the Portuguese attempt to reestablish their monopoly over trade with India. When they attempted to move onto land, they found great difficulties: the Dutch attempt early in the eighteenth century to compel the Saamoothiri Raja of Calicut to trade only with the Dutch and not the French and English called forth an alliance between them and the Saamoothiri Raja, and the Dutch East India concluded that although trade paid attempts to dominate pieces of India by force did not.

It wasn't until the 1750s that the British East India Company decided to act differently. From 1608 its ships had traded first at Surat, and later as well at Ft. St. George around which grew Madras (now Chennai), Bombay (given to Britain by Portugal as part of the dowry of Catherine of Braganza), and Ft. St. William in Calcutta. At the start of the 1750s, however, the French at Pondicherry supported Muzaffar Jung and Chanda Sahib in the succession wars in Hyderabad and the Carnatic—the coast around and south of Madras—and the British supported the rival claimants Nasir Jung and Muhammad Ali Wallajah. The British-supported princes won. In early 1756 the new Nawab of Bengal, Mirza Mohammad Siraj ud-Dowla, borrowed some gunners and artillery pieces from the French and decided to show the British who was master of Bengal: he attacked and captured Calcutta and its Ft. St. William, expecting the subsequent peace to see gratitude toward him on behalf of the French, much higher taxes

paid him by trading Europeans, and much less tax evasion via smuggling by Europeans who understood their place.

Big mistake.

The British sent 3,000 soldiers—800 British, 2200 Indian—under the command of Robert Clive north by sea from Madras to Calcutta to face Siraj ud-Dowla's reported 100,000. On June 11, 1757 Clive's army marched toward Plassey. Siraj ud-Dowla mobilized 50,000(?) for the battle under the command of Mir Jafar (16,000(?)), Yar Latif Khan (15,000(?)), Mir Madan (5,000(?)), and Rai Durlabh (14,000(?)). Clive bought off Mir Jafar, Yar Latif Khan, and Rai Durlabh—the first with the promise that he would promote him to replace Siraj ud-Dowla. Only 5,000 or so of Siraj ud-Dowla's soldiers fought against Clive and his soldiers. Their commander Mir Madan was killed. The army and Siraj ud-Dowla fled.

By June 28, 1757 Mir Jafar was Nawab of Bengal. By July 2, 1757 Siraj ud-Dowla had been captured and killed. And the British East India Company had acquired the taste for conquering, ruling, and taxing India rather than merely trading with it. By 1765 the British East India Company had successfully petitioned the Moghul Emperor in Delhi to be his tax collector for Bengal and Bihar. By 1772 Calcutta was the capital of British India and Warren Hastings was its first Governor-General.

The British Raj was then off and running. The conquests (largely with Indian armies) that made the British the dominant power in India in the eighteenth century were carried out on a shoestring, under the formal authority of a trading company: the British East India Company. Yet from that base British military operations in the nineteenth century were largely mopping-up operations: small wars against Indian powers that had no chance of assembling the resources to match the British-controlled forces in India. Each generation saw formerly independent principalities become subservient allies. Each generation saw former allies become puppets. And each generation saw former puppets become territories ruled by London in the form of John Company or, later on, the British crown itself. The process stopped only when expansion ran up in the northwest against the Hindu Kush mountain range and the tribesmen of Afghanistan, on the north the Himalayan range, and on the east the Siamese monarchy of Kings Mongkut (1804-1868, reigned from 1851) and Chulalongkorn

(1853-1910, reigned from 1868) who played an immensely skillful political hand and retained their independence.

A century after Plassey came the great the 1857 Sepoy Mutiny/Indian Mutiny/Sipahi Rebellion/Great Rebellion of 1857. In its aftermath, the British deposed the last puppet Moghul Emperor, Shah Bahadur Zafar, and exiled him to Burma. Rule by the private East India Company was replaced by rule by the British government. And on May 1, 1876, the British government proclaimed Queen Victoria I Hanover to be Empress of India.

Karl Marx back in 1853 had taken a look at the *Future Results of British Rule in India*. He then prophesied that the British imperial conquest of India was India's greatest short-run curse and would be its greatest long-run blessing:

England has to fulfill a double mission in India: one destructive, the other regenerating the annihilation of old Asiatic society, and the laying the material foundations of Western society in Asia. Arabs, Turks, Tartars, Moguls... soon became... conquered themselves by the superior civilization of their subjects. The British... destroyed [India's civilization] by breaking up the native communities, by uprooting the native industry, and by levelling all that was great and elevated in the native society. The historic pages of their rule in India report hardly anything beyond that destruction....

The political unity of India... imposed by the British sword, will now be strengthened and perpetuated by the electric telegraph. The native army, organized and trained by the British drill-sergeant, [will be] the sine qua non of Indian self-emancipation.... The free press... is a new and powerful agent of reconstruction. The Zemindari and Ryotwar themselves, abominable as they are, involve two distinct forms of private property in land — the great desideratum of Asiatic society. From the Indian natives, reluctantly and sparingly educated at Calcutta... a fresh class... with the requirements for government and imbued with European science. Steam has brought India into regular and rapid communication with Europe....

The millocracy have discovered that the transformation of India into a reproductive country has become of vital importance.... They intend now drawing a net of railroads over India. And they will do it.... I know that the English millocracy intend to endow India with railways with the exclusive view of extracting at diminished expenses the cotton and other raw materials for their manufactures. But when you have once introduced machinery into the locomotion of a country, which possesses iron and coals, you are unable to withhold it from its

fabrication. You cannot maintain a net of railways over an immense country without introducing all those industrial processes necessary to meet the immediate and current wants of railway locomotion, and out of which there must grow the application of machinery to those branches of industry not immediately connected with railways. The railway-system will therefore become, in India, truly the forerunner of modern industry....

Modern industry, resulting from the railway system, will dissolve the hereditary divisions of labor, upon which rest the Indian castes, those decisive impediments to Indian progress and Indian power.... [T]he English bourgeoisie... will neither emancipate nor materially mend the social condition of the mass of the people... [but only] lay down the material premises for both. Has the bourgeoisie ever done more? Has it ever effected a progress without dragging individuals and people through blood and dirt, through misery and degradation?...

The bourgeois period of history has to create the material basis of the new world — on the one hand universal intercourse founded upon the mutual dependency of mankind, and the means of that intercourse; on the other hand the development of the productive powers of man and the transformation of material production into a scientific domination of natural agencies.... When a great social revolution shall have mastered the results of the bourgeois epoch, the market of the world and the modern powers of production, and subjected them to the common control of the most advanced peoples, then only will human progress cease to resemble that hideous, pagan idol, who would not drink the nectar but from the skulls of the slain...

Yet as of 1914 the great economic and social changes that Karl Marx had confidently predicted sixty years before had not advanced far. The drawing of a net of railways over India? Check. The introduction to India of those industries necessary to support the railroads? Check. The spread of other branches of modern industry across India? Not so much. The spread of modern education across India? Not so much. Improvements in agricultural productivity resulting from the creation of effective private property in land? Not at all. Overthrow of the caste system? Not at all. The overthrow of British colonialism, the restoration of self-government, and the creation of subcontinental political unity by virtue of a revolt by the British-trained army? They came remarkably close, but only close, in the Great Rebellion of 1857.

Yet even though the end-state as of 1914 was not as Marx had predicted, the chain of events followed his expectations very closely. The opening of the Suez Canal cut the travel time to Egypt by a third. The coming of the steamship cut travel time by another third. Travelling to India from

London after 1870 or so took perhaps two months, compared to six months around 1800. As India came closer, more Britons began to go there for at least a part of their career. The British presence was transformed from long-term expatriates willing to make substantial and semi-permanent adjustments in their culture and style of life to shorter-term visitors anxious to reproduce as much of Britain as possible and keep their lives as close to the British pattern as possible. And as India came closer to Britain, British institutions began to penetrate the country. The old eighteenth-century East India Company had no interest in Christianizing India. But missionaries began to appear from 1813; the first railroads were started in 1853; and universities to educate young Indians in European styles of learning started in 1857.

The drawing-nearer of India to Britain helped create a class of British officials with little sympathy for old Indian patterns: reform minded officials saw a culture in which female infanticide and the incineration of widows were common customs, in which religion served to keep the poor submissive and unambitious by convincing them that meekness now would allow them to inherit the earth in a future reincarnation, and in which caste distinctions and monopolies blocked any possibility of efficient production. Earlier conquerors had all been absorbed by Indian society in greater or lesser measure. The Victorian British with their modern technology, confidence in their intellectual and religious superiority, and continuously-renewed contacts with their homeland maintained their own caste distinctiveness.

India came surprisingly close to evicting the British in the great mutiny of 1857. Suppression of the mutiny also led to the rationalization of the institutions of British rule, and to the creation of the post of Viceroy of India, directly responsible to the British government. The Indian National Congress—with its demands first for self-government and later for independence—was founded in 1885. Yet the gap between India and Britain was far wider in 1913 than it had been in 1857, when it was far swider than it had been in 1757.

The failure of the British Raj to transform India or perhaps to transform India faster poses an enormous problem for all of us economists. We are all, even the Marxists (back when there were Marxist economists), the intellectual children of the Adam Smith who wrote:

Little else is requisite to carry a state to the highest degree of opulence from the lowest barbarism, but peace, easy taxes, and a tolerable administration of justice: all the rest being brought about by the natural course of things...

Under the British Raj in the late nineteenth and early twentieth centuries India had a remarkable degree of internal and external peace, a tolerable administration of justice, and easy taxes. Yet no progress to the highest degree of opulence occurred. Why not?

One theory is that taxes were not in fact “easy”—that they were incredibly onerous but were disguised as rents.

Possession of India gave the British an immense interest in Egypt. Control over Egypt, and the link between the Mediterranean and the Red Sea, could cut several months off of the time needed to travel to or communicate from London to the centers of British influence at Calcutta or Bombay. The coming of the steamship, and the completion of the Suez Canal in 1869 brought India much closer to Britain—and made British interests in Egypt much stronger.

Egypt

Egypt in the mid-nineteenth century was ruled by a "khedive." The Mamluk warrior-slave aristocracy that had ruled Egypt (under pledge of formal obedience to the Istanbul-centered Ottoman Empire) had been broken by Napoleon during his campaign of conquest. The viceroys established in Egypt afterwards by the Ottoman Empire had established their substantive independence within a generation.

In 1863, six years before the completion of the Suez Canal, the relatively young khedive Ismail took the throne. Ismail had been educated in France: he was open to European influences, eager to modernize his country, and eager to play the role of the open-handed Eastern ruler. He became ruler of Egypt in 1863, in the middle of the "cotton famine" created by the American Civil War and the consequent temporary disappearance of the U.S. South from the world's cotton supply. The consequence was a cotton boom everywhere else in the world: the factories of the industrial revolution needed cotton to run on, and they were willing to pay almost any price for it. Egypt grew cotton. And so for a few years it seemed as

though Egypt's economic resources and wealth were growing rapidly and were inexhaustible.

More over, the khedive Ismail was more than extravagant. The Egyptian national debt was 7 million British pounds or so at Ismail's accession. It had swelled to 100 million British pounds 13 years later—and interest charges on the debt amounted to 5 million a year.

In 1876 the Egyptian government declared bankruptcy, and the creditors of the khedive became the rulers of the country. Ismail abdicated. Two financial controllers—one British, one French, for the bankers who had loaned to Ismail came overwhelmingly from those two countries—were appointed with substantial control over taxes and expenditures. Their task was to make sure that Egypt was governed by Ismail's son to keep up revenue and pay off the debt.

The Egyptians wondered why they were being highly-taxed to pay off debts run up by their extravagant ex-khedive. If Ismail had borrowed more than he could repay, wasn't that a problem for the bankers? Why was it a problem for the Egyptian people—and why should they be taxed and ruled by foreigners as a result? Discontent led to attempted revolution against foreign domination and high taxation. And British troops restored order and suppressed the uprising in 1882. Thereafter the khedive was a British puppet: the strategic importance of the Suez Canal for communications with India meant that British troops were to stay in Egypt on varying pretexts and for various reasons until 1956.

From Rudyard Kipling, "Recessional" (1897):

God of our fathers, known of old—/ Lord of our far-flung battle line
Beneath whose awful hand we hold/ Dominion over palm and pine—
Lord God of Hosts, be with us yet, / Lest we forget—lest we forget!...
Far-called, our navies melt away;/ On dune and headland sinks the fire:
Lo, all our pomp of yesterday/ Is one with Nineveh and Tyre!...
If, drunk with sight of power, we loose/ Wild tongues that have not
Thee in awe—
Such boasting as the Gentiles use/ Or lesser breeds without the law—
Lord God of Hosts, be with us yet,/ Lest we forget—lest we forget!
For heathen heart that puts her trust/ In reeking tube and iron shard—
All valiant dust that builds on dust,/ And guarding, calls not Thee to
guard—

For frantic boast and foolish word, / Thy mercy on Thy people, Lord!

With some notable exceptions, most economic histories pass quickly over the great wars of the twentieth century—if they do not exclude them from their narrative scope in the first place. They fast-forward through these mass orgies of death and destruction. The issues involved in mobilizing resources for war and then demobilizing them after war are interesting, but are hard to relate to debates and ideas about how the “normal” economy functions in peacetime.

But wars play too big a part in the twentieth century for this to be a satisfying way of proceeding. And large pieces of the political history surrounding this century’s world wars are very important background without which understanding the economic and political dynamics of the interwar period is next to impossible.

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12.1: The Pointlessness of Early Twentieth-Century Great Power Conflict and Empire

12.1.1: John Hobson and Vent for Surplus

Both Hobson and Schumpeter fundamentally see imperialism as a con game. Empire may be worthwhile for those at the sharp edge—the Cecil Rhodeses and the Lord Lugards—and certainly for the settlers who colonize and rule or exterminate or displace the previous inhabitants. But for the people who remain behind? Almost certainly better to cultivate one's own garden and trade than conquer—especially with blowback, especially with blowback with modern industrial weapons.

Hobson is a proto-Keynesian. He believes that the major economic problem is the business cycle that causes mass unemployment, and that the business cycle is made much worse by the maldistribution of income. The rich save. But saving is only translated into investment and thus effective demand if the animal spirits of businesses are irrationally exuberant. Sometimes they are not. The only potential balance wheel—the only other source of autonomous aggregate demand—is exports. Hence empire as a way of creating and managing export markets so they can take up the slack, and the rich can continue to collect their wealth without triggering enough business cycle instability to bring the system down. Hobson believes—absent the triumph of social democracy to produce a more equal

distribution of income and so a flow of aggregate demand less vulnerable to crises of confidence—that as market capitalism advances, the need for imperialism will become greater.

12.1.2: Joseph Schumpeter and Empire as Atavistic Aristocratic Survival

Schumpeter, by contrast, believes that as market capitalism advances, imperialism will become weaker. He sees imperialism as the last gasp of military status aristocracy. Sir whatsit and Lord whoever and Colonel whichway essentially function as the equivalent of today's professional athletes in making people proud of their team: imperialism as spectator sport. Schumpeter hates this. And he thinks that it is on the way out. Here I think he was wrong: nationalism-as-glue to wield nations together appears stronger than ever, although open imperialist war is rare.

12.1.3: Norman Angell and the Futility of Great-Power Conflict

Now on to Norman Angell. Perhaps the saddest book on my bookshelf is Norman Angell's *The Great Illusion*. Here we read Norman Angell on the Balkan War: only 40% of the size, and . Against empire, against war, for national resistance—although "national" is a contested and complicated concept in the Balkans.

Hopes to see the end of war. Denounces:

the sophistries and illusions by which the war system is still defended. If the public as a whole had to follow all the intricacies of those marvellous diplomatic combinations... public opinion would go on being as ignorant and mistaken as it had been hitherto. But sound opinion and instincts in that field depend upon nothing of the sort, but upon the emergence of a few quite simple facts, which are indisputable and self-evident.... For instance, if conquest and extension of territory is the main road of moral and material progress... then... the position of the Russian should be more desirable than that of the Hollander.... The Austrian should be better off than the Switzer....

If a nation's wealth is really subject to military confiscation, and needs the defence of military power, then the wealth of those small states should be insecure indeed—and Belgian national stocks stand 20 points higher than the German. If nations are rival units, then we should benefit by the disappearance of our rivals—and if they disappeared,

something like a third of our [British] population would starve to death.... If the growing power of Russia compelled us to fight a great war in alliance with the Turk to check her "advance on India," why are we now co-operating with Russia to build railroads to India? It is such quite simple questions as these, and the quite plain facts which underlie them which will lead to sounder conceptions in this matter on the part of the peoples.

It is not we who are the "theorists," if by "theorists" is meant the constructors of elaborate and deceptive theorems in this matter. It is our opponents, the military mystics.... Fifteen or twenty years ago it was the ineradicable belief of fifty or sixty million Americans, good, honest, sincere, and astute folk, that it was their bounden duty, their manifest interest, to fight—and in the words of one of their Senators, annihilate—Great Britain... at the time of the Venezuelan crisis: the United States... laid it down... that her existence was imperilled if Great Britain should extend by so much as a mile a vague frontier running through a South American swamp thousands of miles away. And for that cause these decent and honourable people were prepared to take all the risks that would be involved to Anglo-Saxon civilisation by a war between England and America....

And we, of course, have had our like obsessions without number: "the independence [and] integrity of the Turkish dominion in Europe" is one. Just think of it!... What... makes these fantastic political doctrines possible... are a few false general conceptions... that nations are rival and struggling units, that military force is consequently the determining factor of their relative advantage; that enlargement of political frontiers is the supreme need, and so on. And the revision of these fundamental conceptions will... be the work of individual men. States do not think. It is the men who form the states who think....

Unless the individual man sees his responsibility for determining what is right and knowing how and why it is right, there will be no progress; there cannot even be a beginning.... [M]iracles... were the outcome of that intangible thing, an idea, an aspiration, an ideal.... [T]hey could accomplish so much in that day when the popular press and cheap literature and improved communication did not exist... in our day... the declaration of an English Cabinet Minister to-night is read to-morrow morning by every reading German?

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