## John Atkinson Hobson, *Imperialism. A Study*, London : George Allen & Unwin, 1961 (première édition 1902), pp. 46-71.

### CHAPTER IV. ECONOMIC PARASITES OF IMPERIALISM

SEEING that the Imperialism of the last six decades is clearly condemned as a business policy, in that at enormous expense it has procured a small, bad, unsafe increase of markets, and has jeopardised the entire wealth of the nation in rousing the strong resentment of other nations, we may ask, « How is the British nation induced to embark upon such unsound business ? » The only possible answer is that the business interests of the nation as a whole are subordinated to those of certain sectional interests that usurp control of the national resources and use them for their private gain. This is no strange or monstrous charge to bring; it is the commonest disease of all forms of goverument. The famous words of Sir Thomas More are as true now as when he wrote them: « Everywhere do I perceive a certain conspiracy of rich men seel~ing their own advantage under the name and pretest of the commonwealth. »

Although the new Imperialism has been bad business for the nation, it has been good business for certain desses and certain trades within the nation. The vast expenditure on armaments, the costly wars, the grave risks and embarrassments of foreign policy, the checks upon political and social reforms within Great Britain, though fraught with great injury to the nation, have served well the present business interests of certain industries and professions.

It is idle to meddle with politics unless we clearly recognise this central fact and understand what these sectional interests are which are the enemies of national safety and the commonwealth. We must put aside the merely sentimental diagnosis which explains wars or other national blunders by outbursts of patriotic animosity or errors of statecraft. Doubtless at every outbreak of war not ouly the man in the street but the man at the helm is often duped by the cunning with which aggressive motives and greedy purposes dress themselves in defensive clothing. There is, it may be-safely asserted, no war within memory, however nakedly aggressive it may seem to the dispassionate historian, which has not been presented to the people who were caDed upon to fight as a necessary defensive policy, in which the honour, perhaps the very existence, of the State was involved.

The disastrous folly of these wars, the material and moral damage inflicted even on the victor, appear so plain to the disinterested spectator that he is apt to despair of any State attaining years of discretion, and inclines to regard these natural cataclysms as implying some ultimate irrationalism in politics. But careful analysis of the existing relations between business and politics shows that the aggressive Imperialism which we seek to understand is not in the main the product of blind passions of races or of the mixed folly and ambition of politicians. It is far more rational than at first sight appears. Irrational from the standpoint of the whole nation, it is rational enough from the standpoint of certain classes in the nation. A completely socialist State which kept good books and presented regular balance-sheets of expenditure and assets would soon discard Imperialism; an intelligent *laissez-faire* democracy which gave duly proportionate weight in its policy to al1 economic interests alilre would do the same. But a State in which certain well-organised business interests are able to outweigh the weak, diffused interest of the community is bound to pursue a policy which accords with the pressure of the former interests.

In order to explain Imperialism on this hypothesis we have to answer two questions. Do we find in Great Britain any well-organised group of special commercial and social interests which stand to gain by aggressive Imperialism and the militarism it involves ? If such a combination of interests exists, has it the power to work its will in the arena of politiques ?

What is the direct economic outcome of Imperialism ? A great expenditure of public money upon ships, guns, military and naval equipment and stores, growing and productive of enormous profits when a war, or an alarm of war, occurs; new public loans and important fluctuations in the home and foreign Bourses; more posts for soldiers and sailors and in the diplomatic and consular services; improvement of foreign investments by the substitution of the British flag for a foreign flag; acquisition of markets for certain classes of exports, and some protection and assistance for British trades in these manufactures; employment for engineers, missionaries, speculative miners, ranchers and other emigrants.

Certain definite business and professional interests feeding upon imperialistic expenditure, or upon the results of that expenditure, are thus set up in opposition to the common good, and, instinctively fecling their way to one another, are found united in strong sympathy to support every new imperialist exploit.

If the £ 60'000'000[1] which may now be taken as a minimum expenditure on armaments in time of peace were subjected to a close analysis, most of it would be traced directly to the tills of certain big firms engaged in building warships and transports, equipping and coaling them, manufacturing guns, rifles , ammunition, 'planes and motor vehicles of every kind, supplying horses, waggons, saddlery, food, clothing for the services, contracting for barracks, and for other large irregular needs. Through these main channels the millions flow to feed many subsidiary trades, most of which are quite aware that they are engaged in executing contracts for the services. Here we have an important nucleus of commercial Imperialism. Some of these trades, especially the shipbuilding, boilermaking, and gun and ammunition making trades, are conducted by large firms with immense capital, whose heads are well awere of the uses of political influence for trade purposes.

These men are Imperialists by conviction; a pushful policy is good for them. With them stand the great manufacturers for export trade, who gain a living by supplying the real or artificial wants of the new countries we annex or open up. Manchester, Sheffield, Birmingham, to name three representative cases, are full of firms which compete in pushing textiles and hardware, engines, tools, machinery, spirits, guns, upon new markets. The public debts which ripen in our colonies, and in foreign countries that come under our protectorate or influence, are largely loaned in the shape of rails, engines, guns, and other materials of civilization made and sent out by British firms. The making of railways, canals, and other public works, the establishment of factories, the development of mines, the improvement of agriculture in new countries, stimulate a definite interest in important manufacturing industries which feeds a very firm imperialist faith in their owners.

The proportion which such trade bears to the total industry of Great Britain is not great, but some of it is extremely influential and able to make a definite impression upon politics, through chambers of commerce, Parliamentary representatives, and semi-political, semi-commercial bodies like the Imperial South African Association or the China Society.

The shipping trade has a very definite interest which makes for Imperialism. This is well illustrated by the policy of State subsidies now claimed by shipping firms as a retainer, and in order to encourage British shipping for purposes of imperial safety and defence.

The services are, of course, imperialist by conviction and by professional interest, and every increase of the army, navy and air force enhances the political power they exert. The abolition

[1] In 1905 ; now, in 1938, £ 200'000'000.

of purchase in the army, by opening the profession to the upper middle classes, greatly enlarged this most direct feeder of imperial sentiment. The potency of this factor is, of course, largely due to the itch for glory and adventure among military officers upon disturbed or uncertain frontiers of the Empire. This has been a most prolific source of expansion in India. The direct professional influence of the services carries with it a less organised but powerful sympathetic support on the part of the aristocracy and the wealthy classes, who seek in the services careers for their sons.

To the military services we may add the Indian Civil Service and the numerous official and semi-official posts in our colonies and protectorates. Every expansion of the Empire is also regarded by these same classes as affording new openings for their sons as ranchers, planters, engineers, or missionaries. This point of view is aptly summarised by a high Indian official, Sir Charles Cross thwait e, in discussing British relations with Siam. « The real question was who was to get the trade with them, and how we could make the most of them, so as to find fresh markets for our goods and also employment for those superfluous articles of the present day, our boys ».

From this standpoint our colonies still remain what James Mill cynically described them as being, « a vast system of outdoor relief for the upper classes ».

In all the professions, military and civil, the army, diplomacy, the church, the bar, teaching and engineering, Greater Britain serves for an overflow, relieving the congestion of the home market and offering chances to more reckless or adventurous members, while it furnishes a convenient limbo for damaged characters and careers. The actual amount of profitable employment thus furnished by our recent acquisitions is inconsiderable, but it arouses that disproportionate interest which always attaches to the margin of employment. To extend this margin is a powerful motive in Imperialism. ,

These influences, primarily economic, though not unmixed with other sentimental motives, are particularly operative in military, clerical, academic, and Civil Service circles, and furnish an interested blas towards Imperialism throughout the educated circles.

## II

By far the most important economic factor in Imperialism is the influence relating to investments. The growing cosmopolitanism of capital has been the greatest economic change of recent generations. Every advanced industrial nation has been tending to place a larger share of its capital outside the limits of its own political area, in foreign countries, or in colonies, and to draw a growing income from this source.

No exact or even approximate estimate of the total amount of the income of the British nation derived from foreign investments is possible. We possess, however, in the income tax assessments an indirect measurement of certain large sections of investments, from which we can form some judgment as to the total size of the income from foreign and colonial sources, and the rate of its growth.

These returns give us a measure of the amount and growth of the investments effected by British citizens in foreign and colonial stocks of a public or semi-public character, induding foreign and colonial public securities, railways, etc. The income from these sources is computed as follows[2]:

[2] Figures for the years 1929-1933 are given in the Appendix, p. 375.

| | |
|---|---|
| 1884 | £ 33,829,l24 |
| 1888 | £ 46,978,371 |
| 1892 | £ 54,728,770 |
| 1896 | £ 54,901,079 |
| 1900 | £ 60,266,886 |
| 1903 | £ 63,828,715 |

From this table it appears that the period of energetic Imperialism coincided with a remarkable growth in the income for foreign investments.

These figures, however, only give the foreign income which can be identified as such. The closer estimates made by Sir R. Giffen and others warrant the belief that the actual income denved from foreign and colonial investments amounted to not less than £ 100'000’000 the capital value of the same resching a sum of about £ 2'000'000'000[3].

Income tax returns and other statistics descriptive of the growth of these investments indicate that the total amount of British investments abroad at the end of the nineteenth century cannot be set down at a lower figure than this. Considering that Sir R. Giffen regarded as « moderate » the estimate of £ 1'700'000'000 in 1892 the figure here named is probably below the truth.

Now, without placing any undue reliance upon these estimates, we cannot fail to recognise that in dealing with these foreign investments we are facing the most important factor in the economics of Imperialism. Whatever figures we take, two facts are evident. First, that the income derived as interest upon foreign investments enormously exceeded that derived as profits upon ordinary export and import trade. Secondly, that while our foreign and colonial trade, and presumably the income from it, were growing bu t slowly, the share of ou r import valu es representing income from foreign investments was growing very rapidly.

In a former chapter I pointed out how small a proportion of our national income appeared to be derived as profits from external trade. It seemed unintelligible that the enormous costs and risks of the new Imperialism should be undertaken for such small results in the shape of increase to external trade, especially when the size and character of the new markets acquired were taken into consideration. The statistics of foreign investments, however, shed clear light upon the economic forces which dominate our policy. While the manufacturing and trading classes make little out of their new markets, paying, if they knew it, much more in tazation than they get out of them in trade, it is quite otherwise with the investor.

It is not too much to say that the modern foreign policy of Great Britain has been primarily a struggle for profitable mariets of investment. To a larger extent every year Great Britain has been becoming a nation living upon tribute from abroad, and the classes who enjoy this tribute have had an ever-increasing incentive to employ the public policy, the public purse, and the public force to extend the field of their private investments, and to safeguard and improve their existing investments. This is, perhaps, the most important fact in modern politics, and the obscurity in which it is wrapped has constituted the gravest danger to our State.

What was true of Great Britain was true likewise of France, Germany, the United States, and of all countries in which modern capitalism had placed large surplus savings in the hands of a plutocracy or of a thrifty middle class. A well-recognised distinction is drawn between

[3] See Appendix, p. 375.

creditor and debtor countries. Great Britain had been for some time by far the largest creditor country, and the policy by which the investing desses used the instrument of the State for private business purposes is most richly illustrated in the history of her wars and annexations. But France, Germany, and the United States were advancing fast along the same path. The nature of these imperialist operations is thus set forth by the Italian economist Loria:

« When a country which has contracted a debt is unable, on account of the slenderness of its income, to offer sufficient guarantee for the punctual payment of interest, what happens ? Sometimes an out-and-out conquest of the debtor country follows. Thus France's attempted conquest of Mexico during the second empire was undertaken solely with the view of guaranteeing the interest of French citizens holding Mexican securities. But more frequently the insufficient guarantee of an international loan gives rise to the appointment of a financial commission by the creditor countries in order to protect theIr rights and guard the fate of their invested capital. The appointment of such a commission literally amounts in the end, however, to a veritable conquest. We have examples of this in Egypt, which has to all practical purposes become a British province, and in Tunis, which has in little manner become a dependency of France, who supplied the greater part of the loan. The Egyptian revolt against the foreign domination issuing from the debt came to nothing, as it met with invariable opposition from capitalistic combinations, and Tel-el-Kebir's success bought with money, was the most brilliant victory wealth has ever obtained on the field of battle. »[4].

But, though useful to explain certain economic facts, the terms « creditor » and « debtor, » as applied to countries, obscuré the most significant feature of this Imperialism. For though, as appears frcm the analysis given above, much, if not most, of the debts were « public, » the credit was nearly always private, though sometimes, as in the case of Egypt, its owners succeeded in getting their Government to enter a most unprofitable partnership, guaranteeing the payment of the interest, but not sharing in it.

Aggressive Imperialism, which costs the taxpayer so dear, which is of so little value to the manufacturer and trader, which is fraught with such grave incalculable peril to the citizen, is a source of great gain to the investor who cannot find at home the profitable use he seeks for his capital, and insists that his Government should help him to profitable and secure investments abroad.

If, contemplating the enormous expenditure on armaments, the ruinous wars, the diplomatic audacity or knavery by which modern Governments seek to extend their territorial power, we put the plain, practical question, *Cui bono ?* the first and most obvious answer is, the investor.

The annnal income Great Britain derives from commissions on her whole foreign and colonial trade, import and export, was estimated by Sir R. Giffen[5] at £ 18'000'000 for 1899, taken at 2,5 per cent., upon a turnover of £ 800'000'000. This is the whole that we are entitled to regard as profits on external trade. Considerable as this sum is, it cannot serve to yield an economic motive-power adequate to explain the dominance which business considerations exercise over our imperial policy. Only when we set beside it some £ 90'000’000 or £ 100'000’000 representing pure profit upon investments, do we understand whence the economic impulse to Imperialism is derived.

Investors who have put their money in foreign lands, upon terms which take full account of risis connected with the political conditions of the country, desire to use the resources of their Government to minimise these risis, and so to enhance the capital value and the interest of their private investments. The investing and speculative classes in general have also desired

[4] Loria, *The Economic Foundations of Politics*, p. 273 (Geroge Allen & Unwin).
[5] *Journal of the Statistical Society*, vol. xliii, p. 9.

that Great Britain should take other foreign areas under her flag in order to secure new areas for profitable investments and speculation.

## III

If the special interest of the investor is liable to clash with the public interest and to induce a wrecking policy still more dangerous is the special interest of the financier the general dealer in investments. In large measure the rank and file of the investors are, both for business and for politics, the cat'spaws of the great financial houses, who use stocks and shares not so much as investments to yield them interest, but as material for speculation in the money market. In handling large masses of stocks and shares, in floating companies, in manipulating fluctuations of values, the magnates of the Bourse find their gain. These great businesses — banking, broking, bill discounting, loan floating, company promoting — form the central ganglion of international capitalism. United by the strongest bonds of organisation, always in closest and quickest touch with one another, situated in the very heart of the business capital of every State, controlled, so far as Europe is concerned, chiefly by men of a single and peculiar race, who have behind them many centuries of financial experience, they are in a unique position to manipulate the policy of nations. No great quick direction of capital is possible save by their consent and through their agency. Does any one seriously suppose that a great war could be undertaken by any European State, or a great State loan subscribed, if the house of Rothschild and its connexions set their face against it ?

Every great political act involving a new flow of capital, or a large fluctuation in the values of existing investments, must receive the sanction and the practical aid of this little group of financial kings. These men, holding their realised wealth and their business capital, as they must, chiefly in stocks and bonds, have a double stake, first as investors, but secondly and chiefly as financial dealers. As investors, their political influence does not differ essentially from that of the smaller investors, except that they usually possess a practical control of the businessès in which they invest. As speculators or financial dealers they constitute, however, the gravest single factor in the economics of Imperialism.

To create new public debts, to float new companies, and to cause constant considerable fluctuations of values are three conditions of their profitable business. Each condition carries them into politics, and throws them on the side of Imperialism.

The public financial arrangements for the Philippine war put several millions of dollars into the pockets of Mr. Pierpont Morgan and his friends; the China-Japan war, which saddled the Celestial Empire for the first time with a public debt, and the indemnity which she will pay to, her European invaders in connexion with the recent conflict, bring grist to the financial mills in Europe; every railway or mining concession wrong from some reluctant foreign potentate means profitable business in raising capital and floating companies. A policy which rouses fears of aggression in Asiatic states, and which fans the rivalry of commercial nations in Europe, evokes vast expenditure on armaments, and ever-accumulating public debts, while the doubts and risks accruing from this policy promote that constant oscillation of values of securities which is so profitable to the skilled financier There is not a war, a revolution, an anarchist assassination; or any other public shock, which is not gainful to these men; they are harpies who suck their gains from every new forced expenditure and every sudden disturbance of public credit. To the financiers « in the know » the Jameson raid was a most advantageous coup, as may be ascertained by a comparison of the « holdings » of these men before and after that event; the terrible sufferings of England and South Africa in the war, which was a sequel of the raid, has been a source of immense profit to the big financiers who have best held out against the uncalculated waste, and have recouped themselves by profitable war contracts and by « freezing out » the smaller interests in the Transvaal. These men are the only certain gainers from the war, and most of their gains are made out of the public losses of their adopted country or the private losses of their fellow-countrymen.

The policy of these men, it is true, does not necessarily make for war; where war would bring about too great and too permanent a damage to the substantial fabric of industry, which is the ultimate and essential basis of speculation, their influence is cast for peace, as in the dangerous quarrel between Great Britain and the United States regarding Venezuela. But every increase of public expenditure, every oscillation of public credit short of this collapse, every risky enterprise in which public resources can be made the pledge of private speculations, is profitable to the big money-lender and speculator.

The wealth of these houses, the scale of their operations, and their cosmopolitan organisation make them the prime determinants of imperial policy. They have the largest definite stake in the business of Imperialism, and the amplest means of forcing their will upon the policy of nations.

In view of the part which the non-economic factors of patriotism, adventure, military enterprise, political ambition, and philanthropy play in imperial expansion, it may appear that to impute to financiers so much power is to take a too narrowly economic view of history. And it is true that the motor-power of Imperialism is not chiefly financial: finance is rather the governor of the imperial engine, directing the energy and determining its work: it does not constitute the fuel of the engine, nor does it directly generate the power. Finance manipulates the patriotic forces which politicians, soldiers, philanthropists, and traders generate; the enthusiasm for expansion which issues from these sources, though strong and genuine, is irregular and blind; the financial interest has those qualities of concentration and clear-sighted calculation which are needed to set Imperialism to work. An ambitious statesman, a frontier soldier, an overzealous missionary, a pushing trader, may suggest or even initiate a step of imperial expansion, may assist in educating patriotic public opinion to the urgent need of some fresh advance, but the final de termination rests with the financial power. The direct influence exercised by great financial houses in « high politiques » is supported by the control which they exercise over the body of public opinion through the Press, which, in every « civilised » country, is becoming more and more their obedient instrument. While the specifically financial newspaper imposes « facts » and « opinions » on the business dasses, the general body of the Press comes more and more under the conscious or unconscious domination of financiers. The case of the South African Press, whose agents and correspondents fanned the martial flames in this country, was one of open ownership on the part of South African financiers, and this policy of owning newspapers for the sake of manufacturing public opinion is common in the great European cities. In Berlin, Vienna, and Paris many of the influential newspapers heve been held by financial houses, which used them, not primarily to make direct profits out of them, but in order to put into the public mind beliefs and sentiments which would influence public policy and thus affect the money market. In Great Britain this policy has not gone so far, but the alliance with finance grows closer every year, either by financiers purchasing a controlling share of newspapers, or by newspaper proprietors being tempted into finance. Apart from the financial Press, and financial ownership of the general Press, the City has notoriously exercised a subtle and abiding influence upon leading London newspapers, and through them upon the body of the provincial Press, while the entire dependence of the Press for its business profits upon its advertising columns has involved a peculiar reluctance to oppose the organised financial classes with whom rests the control of so much advertising business. Add to this the natural sympathy with a sensational policy which a cheap Press always manifests, and it becomes evident that the Press has been strongly biased towards Imperialism, and' has lent itself with great facility to the suggestion of financial or political Imperialists who have desired to work up patriotism for some new piece of expansion.

Such is the array of distinctively economic forces making for Imperialism, a large loose group of trades and professions seeLing profitable business and lucrative employment from the expansion of military and civil services, and from the expenditure on military operations, the opening up of new tracts of territory and trade with the same, and the provision of new capital which these operations require, all these finding their central guiding and directing force in the power of the general financier.

The play of these forces does not openly appear. They are essentially parasites upon patriotism, and they adapt themselves to its protecting colours. In the mouth of their representatives are noble phrases, expressive of their desire to extend the area of civilisation, to establish good government, promote Christianity, extirpate slavery, and elevate the lower races. Some of the business men who hold such language may entertain a genuine, though usually a vague, desire to accomplish these ends, but they are primarily engaged in bus~ness, and they are not unaware of the utility of the more unselfish forces in furthering their ends. Their true attitude of mind was expressed by Mr. Rhodes in his famous description of « Her Majesty's Flag » as « the greatest commercial asset in the world. »[6].

## APPENDIX

Sir R. Giffen estimated the income derived from foreign sources as profit, interest and pensions in I882 at £ 70'000'000, and in a paper read before the Statistical Society in March, 1899 he estimated the income from the same sources for the current year at £ 90'000’000. It is probable that this last figure is an underestimate, for if the items of foreign incorne not included as such under the income-tax returns bear the same proportion to those included as in 1882, the total of income from foreign and colonial investments should be £ 120'000’000 rather than £ 90'000’000. Sir R. Giffen hazarded the calculation that the new public investments abroad in the sixteen years 1882-1898 amountod to over £ 800'000’000, « and though part of the sum may have been nominal ouly, the real investment must have been enormous ».

Mr. Mulhall gave the following estimate of the size and growth of our foreign and colonial investments after 1862:

| Year | Amount | Annual Increase |
|---|---|---|
| 1862 | £ 144'000'000 | - |
| 1872 | £ 600'000'000 | 45,6% |
| 1882 | £ 850'000'000 | 27,5% |
| 1893 | £ 1’698'000’000 | 74,8% |

This last amount is of especial interest, because it represents the most thorough investigation made by a most competent economist for the *Dictionary of Political Economy*. The investments included under this figure may be classified under the following general heads:

[6] It will be observed that this, like not a few other words of revelation, has been doctored in the volume, *Cecil Rhodes : his Political Life and Speeches*, by « Vindex » (p. 823).

| Loans | Million £ | Railways | Million £ | Sundries | Million £ |
|---|---|---|---|---|---|
| Foreign | 525 | U.S.A. | 120 | Banks | 50 |
| Colonial | 225 | Colonial | 140 | Lands | 100 |
| Municipal | 20 | Various | 128 | Mines, &c. | 390 |
| | 770 | | 388 | | 540 |

In other words, in 1893 the British capital invested abroad represented about 15 per cent. of the total wealth of the United Kingdom; nearly one-half of this capital was in the form of loans to foreign and colonial Goveruments; of the rest a large proportion was invested in railways, banks, telegraphs, and other public services, owned, controlled, or vitally affected by Governments, while most of the remainder was placed in lands and mines, or in industries directly dependent on land values[7].

## CHAPTER V IMPERIALISM BASED ON PROTECTION

A BUSINESS man estimating the value of an extension of his business will set the increased costs against the increased takings. Is it unreasonable that a business nation should adopt the same course ? From this standpoint our increased military and naval expenditure during recent years may be regarded primarily as insurance premiums for protection of existing colonial markets and current outlay on new markets.

In order to test the finance of the new Imperialism, let us compare the growth of expenditure on armaments and was since 1884 with the increased value of colonial trade [8](page 65).

Now, though there are no means of ear-marking the expenditure which might rank as insurance upon old mariets or that which is spent upon acquiring new markets, it is not unreasonable to saddle the new Imperialism with the whole of the increase and to set against it the value of the trade of the new acquisitions. For though it might be claimed that the aggressive comme rcialism of rival European States raised the insurance rate upon the old markets, it cannot be contended that Great Britain's expenditure on armaments need have increased had she adopted firmly and consistently the full practice of Cobdenism, a purely defensive attitude regarding her existing Empire and a total abstinence from acquisition of new territory. The increased hostility of foreign nations towards us in the last thirty

| Year | Armaments and War in £ | Colonial Trade. Import and Export Trade with Possessions in £ |
|---|---|---|
| 1884 | 27'864'000 | 184'000'000 |
| 1885 | 30'577'000 | 170'000'000 |
| 1886 | 39'538'000 | 164'000'000 |

[7] Total (Nomial) British inversement overseas in the years 1929-1933 are given in the Appendix, p. 375.
[8] Figures for the years 1904-1931 are given in the Appendix, p. 376.

| | | |
|---|---|---|
| 1887 | 31'768'000 | 166'000'000 |
| 1888 | 30'609'000 | 179'000'000 |
| 1889 | 30'536'000 | 188'000'000 |
| 1890 | 32'772'000 | 191'000'000 |
| 1891 | 33'488'000 | 193'000'000 |
| 1892 | 33'321'000 | 179'000'000 |
| 1893 | 33'423'000 | 170'000'000 |
| 1894 | 33'566'000 | 172'000'000 |
| 1895 | 35'593'000 | 172'000'000 |
| 1896 | 38'334'000 | 184'000'000 |
| 1897 | 41'453'000 | 183'000'000 |
| 1898 | 40'395'000 | 190'000'000 |
| 1899 | 64'283'000 | 201'000'000 |
| 1900 | 69'815'000 | 212'000'000 |
| 1901 | 121'445'000 | 219'000'000 |
| 1902 | 123'787'000 | 223'000'000 |
| 1903 | 100'825’000 | 232'000’000 |

years of the nineteenth century may be regarded as entirely due to the aggressive Imperialism of those years, and the increased expenditure on armaments may, therefore, reasonably rank in a business balance-sheet as a cost of that policy.

So, taken, this new expenditure was nothing else than a huge business blunder. An individual doing business in this fashion could not avoid bankruptcy, and a nation, however rich, pursuing such a policy is loaded with a millstone which must eventually drag her down.

In total contravention of our theory that trade rests upon a basis of mutual gain to the nations that engage in it, we undertook enormous expenses with the object of « forcing » new markets, and the markets we forced were small, precarious, and unprofitabIe. The only certain and palpable result of the expenditure was to keep us continually embroiled with the very nations that were our best customers, and with whom, in spite of everything, our trade made the most satisfactory advance.

Not only were these mariets not worth what they cost us, but the assumption that our trade would have been proportionately less had they fallen into the hands of rival and Protectionist nations is quite groundless. If, instead of squandering money upon these territorial acquisitions, we had let any or all of them pass into the possession of France, Germany, or Russia, in order that these countries might spend their money, instead of us spending our money, in acquiring and developing them, is it certain that our foreign trade would not heve grown by at least as much as our colonial trade might heve shrunk ? The assumption that there is only a given quantity of trade, and that if one nation gets any portion of it another nation loses just so much, shows a blind ignorance of the elements of international trade. It arises from a curiously perverse form of separatism which insists upon a nation keeping a separate account with every other nation, and ignoring altogether the roundabout trade which is by far the most important business of an advanced industrial nation.

France seizing Madagascar practically extirpated direct British trade with the Malagasy; Germany, by her occupation of Shan-tung, deprived us of all possibility of trade with this Chinese province. But it by no means followed that France and Germany could or would keep to themselves the whole advantage of these new markets. To make any such supposition implies a complete abandonment of the principles of Free Trade. Even were the whole of China portioned out among the other industrial nations, each imposing tariffs which virtually prohibited direct trade between Grest Britain and China — the most extreme assumption of a hostile attitude — it by no means follows that England would not reap enormous benefits from the expansion of her foreign trade, attributable in the last resort to the opening up of China. Even the feeblest recognition of the int ri caci es of foreign t rade should make u s a wa re t ha t an increased trade with France, Germany, or Russia, either directly or through other nations trading with them might have given us our full share of the wealth of Chinese trade, and proved as beneficial as any direct share of trade with China which at great expense and peril we might have secured. The assignment of spheres of influence in China or in Africa to France, Germany, or Russia, which they might have sought to monopolise for purposes of trade, does not imply, as seems to be believed, a corresponding loss of markets to England. The intricate and ever-growing industrial co-operation of the civilized nations through trade does not permit any nation to keep to herself the gain of any mariet she may hold. It is not difficult to conceive cases where another nation might enjoy a larger share of the results of a trade than the nation which owned the private markets of this trade.

These were the commonplaces of the economics of Free Trade, the plainest lessons of enlightened common sense. Why were they forgotten ?

The answer is that Imperialism repudiates Free Trade, and rests upon an economic basis of Protection. Just in so far as an Imperialist is logical does he become an open and avowed Protectionist.

If the fact of France or Germany seizing for its exclusive use a market which we might have seized necessarily reduces our aggregate external trade by the amount of this market, it is only reasonable that when we seize a territory we should take the same means to keep its mariet for ourselves.

Imperialism naturally strives to fasten to the mother country the markets of each new territorial acquisition, convinced that only by such separate increments can the aggregate of our trade growe and by the success of this policy it must justify the enormous national outlay which Imperialism involves. Free Trade trusts for the increase of our foreign trade to the operation of the self-int erest of other trading nations. Her doctrine is that, though it were better for us and for them that they should give us free admission to their colonial and home markets, their protective tariff, even though it prohibits us from trading directly with their colonies, does not shut us out from all the benefits of their colonial development. Through the ordinary operation of competition in European markets the robber trade which France does in East Africa helps to increase the supply and to keep down the price of rubber for English consumers, just as the bounties which continental countries pay to sugar producers enable British boys and girls to enjoy cheep sweets.

There is, then, nothing vaguely hypothetical about these indirect gains. Every business man can trace certain concrete advantages of goods and prices which come to us from the development of colonies by Protectionist countries. The « open door » is an advantage to our trade, but not a necessity. If we have to spend vast sums and incur vast risks in keeping « doors open » against the wishes of our best customers, it is more profitable to let them close these doors and take our gain by the more indirect but equally certain processes of roundabout trade. At present Great Britain is in a stronger position than any other nation to practise this policy of abstinence, because she possesses in her carrying trade by sea a most effective guarantee that she will obtain an atlequate share of the net gains from new markets opened up by foreign nations. Though no complete statistics are available, it is known that a very large proportion of the trade, not only between England and foreign countries, but between foreign countries trading among themselves and with their possessions, is carried by British ships. So long as this continues, England, apart from her share obtained in roundabout trade, must participate directly and in a most important manner in the trade advantages of foreign markets belonging to our European trade competitors.

These considerations ought to make us willing that other nations should do their share of expansion and development, well contented to await the profit which must accrue to us from every increase of world-wealth through ordinary processes of exchange. We have done our share, and more, of the costly, laborious, and dangerous work of opening up new countries to the general trade of Western industrial nations; our later ventures were more expensive and less profitable to us than the earlier ones, and further labours of expansion seemed to conform to a law of diminishing returus, yielding smalIer and more precarious increments of trade to a larger outlay of material and intellectual capital. Had we not reached, or even passed, the limit of the most profitable outlay of our national energy and resources ? Will not enlightened self-interest impel us to leave to other active and ambiticus nations — France, Russia, Germany, Japan — the work of developing new tropical or sub-tropical countries ? If it is necessary that Western industrial civilization shall undertake the political and commercial management of the whole world, let these nations take their share. Why should we do all the work and get so little from it ? On the assumption that backward countries must be developed by foreign countries for the general good, a reasonable economy of power will apportion the work which remains to the « Imperialism » of other nations. Even if these other nations were disposed to shirk their share, it would pay us better to persuade them to undertake it rather than further to load our overladen shoulders. Since these other nations are not only eager to do their share, but by their jealousy at our undertaking their work continually threaten to wreck the peace of Europe, it seems sheer madness for Great Britain to weaken herself politically and financially by any further process of expansion.