Lecture 17: The Long 19th Century: The Western Hegemony and Imperialism

HISTORY 1130: Themes in Global History: Trade, Economy, and Empires

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A. ECONOMIC INTERPRETATIONS OF IMPERIALISM
1. Revisiting Wallerstein
2. Was the scale of trade and exploitation large enough to play a decisive role in Western economic development?
3. Were colonies a net benefit to the colonists?
4. Why were colonies held if they were not a net benefit?

B. HISTORICAL PERSPECTIVES
B1 – BRAZIL

C. 19th CENTURY IMPERIALISM
1. The Breakdown of Pax Britannica
2. Africa and Eastern Asia
3. World War I: Outcome of Imperialism?
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A1.1. REVISITING WALLERSTEIN
World System and Dependency Theories: Immanuel Wallerstein
- already briefly covered in previous lectures!
- *The Modern World System: Capitalist Agriculture and the Origins of the European World Economy in the Sixteenth Century* (1974, other volumes have appeared since), Immanuel Wallerstein developed a theoretical framework to understand the historical changes involved in the rise of the modern world.
- Key features: The modern world system, essentially capitalist in nature, followed the crisis of the feudal system and helps explain the rise of Western Europe to world supremacy between 1450 and 1670
  - The new capitalist world system was based on an international division of labor that determined relationships between different regions as well as the types of labor conditions within each region.
  - Four different categories, core, semi-periphery, periphery, and external, into which all regions of the world can be placed.

See:
http://www.faculty.rsu.edu/~felwell/Theorists/Wallerstein/

A1.2. WAS THE SCALE OF TRADE AND EXPLOITATION LARGE ENOUGH TO PLAY A DECISIVE ROLE IN WESTERN ECONOMIC DEVELOPMENT?
- O’Brien (EHR 1982): in his view, contribution of periphery to growth in core often exaggerated (e.g. Wallerstein’s *Modern World System*).
- Sets out to KNOCK DOWN following hypotheses:
  (a) International trade was so important that European economic development can only be analysed within wider “world system”.
  (b) Expansion of international economy in 1450-1750 generated huge supernormal profits which concentrated in hands of capitalists of core states.
  (c) Reinvestment of these supernormal profits made large contribution to accumulation of capital in Western Europe, which led to the “Great Divergence” between Europe & Asia.
  (d) Other spin-offs & externalities from trade with periphery (operating through specialisation & acquisition of key imports, esp. bullion) further promoted economic growth of Western Europe in decisive ways.
A1.2. WAS THE SCALE OF TRADE AND EXPLOITATION LARGE ENOUGH TO PLAY A DECISIVE ROLE IN WESTERN ECONOMIC DEVELOPMENT? (cont.)

- O'Brien argues against these hypotheses:
  (a)
  (b)
  (c) While it generated some externalities, they were not decisive for economic growth of Western Europe.

- Even by 1780-90, only c. 4% of Europe's GDP exported, & < 1% to periphery. Imports on similar scale. Even for more maritime states (e.g. GB & Portugal) imports < 10-15% of national income.

- However, fact that trade was small in scale is not enough to dismiss Wallerstein thesis, because if this trade was uniquely profitable, it could still have contributed to development by generating surplus needed for investment.

But again, numbers don't allow for very big effect here:
  (a) Suppose trade between core & periphery 4% of core GNP.
  (b) Allow v. high proportion of this trade (say 50%) to accrue as profits to capitalists.
  (c) Suppose also that these capitalists reinvested high proportion of these profits (50%).
  (d) Upper bound estimate of contribution of these trades still only 1% of GNP. That is still < 10% of gross investment.

- Must also consider other possible connections between trade & growth besides accumulation of capital (e.g. spurs to specialization such as shipbuilding in core).

- But if trade was small part of economic activity, hard to see how this had large impact.

- Yet, no real evidence to suggest that this redistribution actually occurred; indeed good reason to be sceptical, since it relies on failure of people to adjust to period of sustained inflation.

In sum, even with spin-offs and externalities from trade, gains from specialization, division of labor and forces of competition arose overwhelmingly in exchanges between European countries, rather than from trade with other continents.
A1.3: WERE COLONIES A NET BENEFIT TO THE COLONISTS?

- Some West European states did not just trade with Africa, Asia & Americas, but also acquired colonies. Individuals clearly made fortunes out of this, but this does not necessarily mean that colonies were a net econ benefit for country as a whole.

- Acquiring & maintaining an Empire had costs as well as benefits: see e.g. (rate of return on the domestic market more profitable); (Britain did not benefit from imports at below world market prices. Price paid by GB for sugar (& other commodities imported from BWI was higher than world market price. Why? Plantation owners charged monopoly price & benefited at the expense of British average consumer).

- On the aggregate, consider costs and benefits:
  (a) Imperialism is expensive; need to maintain army and navy and administer colonies (see previous discussion on the Dutch case). Costs spread widely across all taxpayers. But how costly was it in fact (see Figures 1 and 2)?

Figure 1. British Military Burden (ME to GDP, %), 1830-1999
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A1.3: WERE COLONIES A NET BENEFIT TO THE COLONISTS? (cont.)
- How large should the costs be to incur an actual net cost in terms of economic growth?
  *cf. Peter Lindert on social spending, not a simple process of causation
(b) Benefits include huge fortunes accumulated by a small group of individuals. But benefits accrue to masses only if imperial power can shift terms of trade substantially in its favor, i.e. obtain large supply of goods at less than going world price.
- Notice that many of those who made their fortunes in the colonies did so by charging a high price for the goods being produced in colonial plantations. This means that core countries did not obtain cheap goods from the periphery
- So empires tended to enrich a small group of landed elite, who were well represented in parliament and managed to get wider taxpayers to bear the costs
- Empires held because political system gave power to those who reaped benefits of empire, not because empire was good for the country as a whole.

In sum, there were both benefits and costs to imperialism. Usually trade was not extensive enough to accrue net benefits for the economy via the small elite investments.
A1.4: WHY WERE THE COLONIES HELD IF THEY WERE NOT A NET BENEFIT?

- If colonies incurred an economic loss on the coloniser, there is problem of explaining why they were widely held.
- Answer is that we have measured their social return to country as a whole. Private returns to individual plantation and farm owners were much higher.
- In addition, costs widely diffused; higher prices borne by consumers and administrative costs borne by taxpayers.
- Benefits accrued to small number of plantation owners & investors, well represented in Parliament.
- Moreover, the Government happy to go along with this because Navigation Acts, duties etc. raised revenue (via indirect taxation).

B1. – BRAZIL

B1.1: WHAT WERE THE KEY SOURCES OF REVENUE FOR THE PORTUGUESE IN BRAZIL?

- Land distribution policy followed in settlement of Brazil concentrated wealth in hands of small group who received “captaincies” created by Crown. Contrast with US, where wide distribution of free tracts of land created more equal distribution of wealth & income.
- In the 16th century, economic activity concentrated in northeast, where small group of settlers engaged in profitable export-oriented sugar industry, using techniques developed earlier in Madeira and San Tomé, including use of slave labor.
- Brazilian sugar exports peaked in 1650s, then declined as competition from Caribbean lowered prices & hit profitability. Parts of NE lapsed back into subsistence.
- Discovery of gold in the 1690s & diamonds in the 1720s opened new opportunities further south in Minas Gerais. Gold production & exports rose to peak c. 1750, before deposits began to be exhausted. Production declined steadily to 1800. With exhaustion of gold, Brazil turned back to agric exports. At independence in 1822, Brazil’s three main exports: cotton, sugar & coffee.
B1. – BRAZIL

B1.2: HOW MUCH DID BRAZIL CONTRIBUTE TO PORTUGUESE PUBLIC REVENUE?
-In the 16th and 17th centuries, official revenue from Brazil small, providing 2.5% of Portuguese public revenue in 1588 & 3 per cent in 1620.
► Gold production boosted revenues in the first half of the 18th century. By 1716, Brazil accounted for 13.8% of Portuguese public revenue, rising to 27.1% in 1777.
► In the second half of the 18th century, as gold production declined, Portuguese revenues from Brazil squeezed. With collapse of income from Asia (as result of Dutch & GB gains) & cost of rebuilding Lisbon after earthquake of 1755, Portuguese finances placed under considerable strain.
-In 1759, Portuguese PM Pombal expelled Jesuits from Brazil & confiscated their properties, selling them to wealthy landowners & merchants for benefit of Portuguese crown. Most property of other religious orders taken over a few years later. Drain from Brazil to Portuguese crown in the 18th century probably fairly substantial, then.
-Given huge naval & military expenditures needed to explore, conquer & maintain colonies, doubtful that Portugal as a whole attained high return on I in Brazil. Note also the importance of functioning financial markets and the ability to procure short- and long-term loans!

In sum, revenue flow from Brazil declined in the 18th century. Overall, high rate of return on investment doubtful.

B1.3: WHEN DID BRAZIL GAIN INDEPENDENCE?
-Brazil’s transition to independence relatively smooth by Latin American standards:
(i) In 1808, Portuguese Regent fled to Rio de Janeiro (Brazilian capital), to escape French invasion of Portugal during Napoleonic Wars.
(ii) Brazil & Portugal then run as joint kingdom, with both parts equal in pop (3-4 million each).
(iii) At end of Nap Wars, uncertainty over whether monarchy should be run from Brazil or Portugal, since no longer clear which was senior partner.
(iv) The 2 countries split in 1822, with Regent ruling in Portugal & his son in independent Brazil.
-Although tribute to Portugal ended, commercial profits still remitted overseas. Also, still heavy internal tax burden to support imperial ruling establishment. Commercial policy still influenced by Portugal & GB until 1844. GB involved because Portugal obtained independence from Spain in 1640 only with GB help, & remained dependent on GB protection.

In sum, relatively smooth transition to independence, compared with certain other independence processes in Latin America, following the Napoleonic wars. Still remained dependent on outside nations.
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**B1. – BRAZIL**

**B1.4: HOW IMPORTANT WAS SLAVERY IN BRAZIL?**

- In the first century of settlement, Portuguese captains found it hard to recruit sufficient settlers, creating shortage of labor. The also found it difficult to use native Indians, who had high mortality when exposed to western diseases & could run away & hide easily. **Solution was to import slaves from Africa for manual labor.**

- Portuguese heavily involved in slave trading; 1500-1870, total of 9.4 million slaves shipped to Americas, 4.5 million supplied by Portuguese.

- In 1833 GB abolished slavery in W. Indies & began to interfere with slave trade, ending it in 1851.

- Slavery finally ended in Brazil in 1888 without compensation or resettlement help for slaves. Slave population at that time 7% of total, compared with 13% in US in 1860.

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**B1. – BRAZIL**

**B1.5: HOW ARE INSTITUTIONAL DIFFERENCES BETWEEN BRAZIL AND THE UNITED STATES RELATED TO COLONIALISM?**

- State & private order institutions. Role of the state:
  1. Power diffused in British North American colonies, with 13 separate states. This compared with centralized administration of Mexico & Brazil.
  2. Land distribution policy much more concentrated in Brazil & Mexico, leading to much more unequal distribution of wealth & income.
  3. Drain of resources from 13 colonies to GB smaller than drain from Mexico & Brazil to Iberia.
  4. GB mercantilist restrictions less burdensome than Iberian restrictions. Thomas (1965) suggests GB Navigation Acts cost 0.6% of colonial GDP; big enough to stir protest but not big enough to prevent development.

- However, also important differences in private order institutions:
  1. A strong independent merchant class developed in British North American colonies compared with absentee landlords in Mexico & Brazil.
  2. GB colonies had a better-educated labor force. Education secular, with emphasis on practical skills.
  3. Intellectual life in general far more healthy in GB N. American colonies e.g. 9 universities for 2.5 million people in 13 colonies in 1776. New Spain, with 5 million people had only 2 universities, which concentrated on theology & law, & suppressed heterodox thinking under Inquisition.
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[Image of military conflict and map expansion]

[Image of military expansion and map]

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A Steamboat for the Congo River, 1895

Soon after the Congo Basin was occupied by Europeans in the late nineteenth century, the new colonial rulers realized they needed to improve transportation. Since access from the sea was blocked by rapids on the lower Congo River, steamboats had to be brought in sections, hauled from the coast by thousands of Congolese over very difficult terrain. This picture from The Congo, Vol. 2, by the American journalist Henry Morton Stanley, 1885, shows the pieces arriving at Stanley Pool, ready to be reassembled. (From H.M. Stanley, The Congo, vol. 2, London, 1885)
The discovery of diamonds in the Transvaal, in southern Africa, in 1867, attracted prospectors to the area around Kimberley. The first wave of prospectors consisted of individual “diggers,” including a few Africans. By the late 1870s, surface deposits had been exhausted and further mining required complex and costly machinery. After 1889, one company, De Beers Consolidated, owned all the diamond mines. The photograph shows the entrance to a mineshaft and mine workers surrounded by heavy equipment. (Royal Commonwealth Society. By permission of the Syndics of Cambridge University Library)
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Opening of Suez Canal, 1869
This colored engraving depicts the opening of the Suez Canal, which the French had built across Egyptian territory in 1869, linking the Mediterranean to the Red Sea and the Indian Ocean. It significantly shortened the voyage by ship from Europe to East Asia. The Suez Canal exemplified the speeding up of transportation and communication in the second half of the nineteenth century. (akg-images)

C. 19TH CENTURY IMPERIALISM
1. The Breakdown of Pax Britannica
- The expansions of the New Imperialism took place against a background of increasing competition (over resources, strategic power, and prestige) between the industrialized nations. This activity followed the erosion of Pax Britannica, during which British industrial and naval supremacy underpinned an informal empire of free trade and commercial hegemony.
- 1815 Congress of Vienna; the end of the Franco-Prussian War (1871), Britain world's sole modern, industrial power. The erosion of British hegemony after the Franco-Prussian War, changes in the European and world economies and in the continental balance of power: potential rivals (new nation states: e.g. Germany, Italy), as well as the "old" ones (France, Russia, USA etc.); especially newly industrializing powers, such as Germany and the United States. All sought ways of challenging what they saw as Britain's undue dominance in world markets– the consequence of her early industrialization and maritime supremacy.
- Competition, severe business downturns, pressure on governments to promote home industry, leading to the widespread abandonment of free trade among Europe's powers (in Germany from 1879 and in France from 1881). Move towards sheltered overseas markets united to the home country behind imperial tariff barriers. ALSO: Conservative governments to view colonialism as a force for national cohesion in support of the domestic status quo.
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C. 19TH CENTURY IMPERIALISM

2. Africa and East Asia

- What was most strikingly novel about the new imperialism was its intense concentration upon two continents: Africa and eastern Asia. These were the only two important areas of the globe still not brought under European influence before 1870. The decades between 1870 and 1914 speedily completed the expansion of European influence and civilization over the whole of the earth; and it was accomplished in an era when the realism, ruthlessness, and rivalries of European national governments were exceptionally great.

- Projection of the interstate frictions and rivalries of Europe. It was this combination of novel economic conditions with anarchic political relations which explained the nature of the new imperialism. Among the economic forces behind it, the urge to find new outlets for the "glut of capital" and fresh markets for industrial output were in general more important than either the quest for raw materials or the factor of overpopulation. The special attraction of Africa and Asia were, indeed, that they offered many of the raw materials needed by the multiplying factories of Europe: including cotton, silk, rubber, vegetable oils, and the rarer minerals.

- Neither Africa nor eastern Asia offered climatic or economic conditions inviting enough to attract large-scale white settlements, and the pressure of population within Japan, China, and India was now itself so great as to exert a steady demand for fresh outlets. The quest for markets in which to sell manufactured goods was more important. The political factor was no less important than the purely economic. After 1870 Germany, France, Belgium, and other nations were able to satisfy their own home markets, which they began to protect against imports from Britain by tariff barriers.

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C. 19TH CENTURY IMPERIALISM

2. World War I: Outcome of Imperialism?

- To say, as it was often said after 1918, that imperialism had led to war, was only half the story; it was also true that the menace of war had led to imperialism. Coexistence of economic interests with political aims which made a country imperialistic; and in some, such as Italy or Russia, political considerations predominated. No country acquired colonies unless at least a very active and influential group of its political leaders wanted to acquire them.

- Thus, definitely a contributing force, not the only one!

More on the so-called new imperialism:
http://www.nationmaster.com/encyclopedia/New-Imperialism
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Five questions. Getting three right = attendance. Getting five right = automatic half a point of extra credit.

1. Historians use the term New Imperialism to refer to the West's: [A] use of industrial technology to impose its will on the nonindustrial world. [B] isolationism and parochialism in the late nineteenth century. [C] policies of preservation of the natural environment. [D] attempt to use propaganda as a tool of empire. [E] All of these

2. Besides conquering large amounts of territory, the New Imperialism was most significant for: [A] allowing dependent areas to develop governments. [B] creating a global economy of suppliers and consumers. [C] recognizing international cultural diversity. [D] spawning racism within Western society. [E] the educational and health benefits bestowed on the indigenous populations.

3. The economic motive for imperialism was/were: [A] European businesses were motivated to look for new opportunities in Asia and Africa. [B] European merchants needed to secure new markets for their goods. [C] they needed to protect their home markets. [D] high demand for raw materials for industrialization. [E] All of these

4. A technological advance of the late nineteenth century was: [A] quinine [B] the machine gun. [C] the breechloading rifle. [D] smokeless powder. [E] All of these

5. If colonies did not necessarily bring profits to the nation as a whole, they were held because:

ANY QUESTIONS ON TODAY’S LECTURE?
ANYTHING ELSE?