ECONOMIC IMPERIALISM. The term *imperialism* is generally used to mean foreign control of assets and decisions, including where such control exists in fact but not in law. Empire may be "formal" or "informal" (Gallagher and Robinson, 1953), "colonial" or "neocolonial" (in the terminology of dependency theory). This essay considers economic causes and effects of imperialism.

There is a long and geographically widespread history of rulers using force to enhance their fiscal and military potential by appropriating territory, subjects, or tribute from their neighbors. The literature on "economic imperialism," however, mainly concerns the last five hundred years. Its focus has been the causal relationships between the political and economic expansion of western Europe overseas and the consequences of European expansion for the economies of the rest of the world. This requires broadening, in recognition that the expansionary processes that emanated from Europe were extended, mainly by societies which themselves stemmed from earlier phases in these processes, such as the United States and Australia, but also by others on which Western imperialism had impacted from outside, notably Japan.

Types and Periods. Imperialism has taken diverse forms, often historically interrelated. But it is reasonable to make a basic distinction between the wholesale appropriation of territory, involving the demographic and political displacement of any previous occupants, and control over societies that, however reshaped, remained in occupation of much or all of the land.

Territorial appropriation and demographic displacement have occurred widely and recurrently, but in global terms the major example is the conquest and settlement, by west Europeans and people predominantly descended from them, of three already inhabited continents plus the previously uninhabited one, Antarctica. This process, begun with Columbus's arrival in the New World in 1492, was not essentially completed in North America and Australasia until the late nineteenth century. In South America in parts of the Amazon Basin, it was not quite finished by 2000. In the majority of these territories, the new societies, dominated by settlers or by Creole elites, won independence (for example, the United States, the republics of Latin America). Those British colonies of settlement established late enough for the imperial power to avoid the U.S. outcome became self-governing while retaining constitutional and political links with the "mother country." Haiti was an exception—a state created not by settlers but by a revolution (in the 1790s) of African slaves who had been imported to work the Europeans plantations.

Imperialism without anything approaching a demographic takeover also has an ancient and geographically widespread history, as when states were forced to pay tribute to foreign rulers. But in the context of the "economic imperialism" literature, two main subcategories may be identified.

One is informal: the use of force to secure or open foreign markets. This applies to the establishment by the Portuguese (from the fifteenth century), then (from the seventeenth century) by the Dutch, French, and English, of armed seaborne trading networks, with supporting shore bases, along much of the coasts of Africa and Asia. Naval power was used where possible to establish commercial hegemony over the existing Asiatic networks; characteristically, in each national case, a royal or chartered company monopoly was formed to export goods to Europe, while European company employees were permitted freely to engage in intra-Asian trade. The notion of "informal empire" also applies, conversely, to what Gallagher and Robinson called the "imperialism of free trade": the use of military and political pressure to coerce countries that were politically weaker and seemingly less competitive economically into opening their markets to foreign goods. The main era of this campaign was the mid-nineteenth century. It was practiced, arguably, by the British in Latin America and most especially in East Asia. Notable examples are the Opium Wars (1839–1842, 1858–1860), fought by Great Britain partly to oblige China to allow unrestricted imports of the drug from British India, and U.S. Commodore Matthew Perry's dictation to Japan in 1854 of an end to its self-imposed commercial isolation from the West.

The "formal" variant of imperialism without demographic takeover was colonial rule over predominantly indigenous populations. The main period of this may be dated from the British East India Company's establishment of control over the land revenue of Bengal in 1765. The trend was at its most intense in the late nineteenth century, when tropical Africa and much of Southeast Asia were partitioned among European powers. In the twentieth century, the process was braked, not only by lack of remaining opportunities, and in some cases by the emergence of powerful independence movements, but also by changing opinions in the imperial legislatures and in international gatherings. Thus, when Germany's colonies, plus the Arab provinces of the former Ottoman Empire, were divided between the victors of World War I, they were held on mandate from a new kind of international organization, the League of Nations. The sense that the appropriation of alien territory was increasingly regarded as illegitimate was signaled in the 1930s by the widespread international denunciation, by public opinion as well as governments—including Western imperialist countries—of the Italian and Japanese invasions of Ethiopia and China, respectively. Even so, the overwhelming consensus in the imperial polities was still that empire, as such, was morally acceptable and would endure. Yet, the west European retreat

from colonies came relatively precipitately after 1945, most colonies gaining independence within twenty years, and was virtually complete by 2000.

Finally, it is important to note that the basic distinction drawn in this section is an analytical construct: the history was often less clear-cut, especially in Latin America and Africa. In much of what became Latin America, demographic displacement went beyond what the colonists had originally intended, while in certain cases that displacement was limited. The Spanish colonists initially intended to extract labor and tax from the local populations and polities they encountered; the rapid shrinking of indigenous populations went far beyond any military plans. Conversely, in some countries Native American numbers partly recovered in the seventeenth and eighteenth centuries. In Africa, certain colonies were envisaged as settler domains. But, in contrast to North America and Australia, settler economies always depended on African labor; and while the majority of the land was generally appropriated for white use, a portion was designated to be left in African hands with the intention that retired and future laborers would be fed by subsistence farming. Even in the country with the largest proportion of whites, South Africa, the vast majority of the population was always of African descent. In that sense, the "settler" economies ultimately belonged in the category of colonization without total displacement.

Theories of Economic Imperialism. The most influential economic theories of the causes and effects of imperialism all relate imperialism to the development of a capitalist-led world economy. Despite notable liberal contributions, the major tradition of theoretical writings on "economic imperialism" has been the Marxist-dependency one, against which critics such as Gallagher and Robinson have reacted. For Marx, imperialism was a form of "primitive accumulation," the use of a mixture of coercive and market methods to acquire resources that could be reinvested in the process of creating an advanced capitalist economy. It thus contributed to economic development in the imperial economies themselves. Yet, writing on British India, Marx took a paradoxically optimistic view of the impact of industrial-capitalist imperialism on less advanced economies. Colonialism was exploitative and brutal, but the logic of capitalist development ultimately accepted no frontiers. Motivated by the search for profit and propelled by competition among themselves, capitalist firms and the governments that (he argued) represented them would destroy precapitalist indigenous institutions (for example, in land tenure) and replace them with capitalist arrangements. Again, in pursuit of profit, they would introduce the most advanced transport technology available: in the nineteenth century, the steam railway. Greedy and initially destructive as the colonial rulers and firms would be, the ultimate result would be to advance India from what he considered a stagnant form of precapitalist economy on to a capitalist path of development.

A powerful development of the first half of Marx's analysis was provided by the West Indian historian Eric Williams. In *Capitalism and Slavery* (1944), Williams put forward the thesis that the Atlantic slave trade and plantation slavery in the New World provided reinvestable profits and cheap raw cotton on a scale essential for the British Industrial Revolution.

Dependency-theory writers broadly accepted the first half of Marx's analysis—and the Williams thesis—but rejected the second. They argued that the same process that brought development to the homelands of capitalism and to North America and Australasia simultaneously brought "underdevelopment" to the rest of the colonized world, trapping previously autonomous societies in poverty that was self-perpetuating because any significant profits made in them was extracted by Western firms or rulers (Frank, 1978). An important feature of dependency theory was the proposition that the end of colonialism was apparent rather than real, "decolonization" being really a transition to "neocolonialism," in which foreign capital continued to exploit the local population but with protection from a local client-state rather than from European officials. This analysis was built upon in left-wing critiques of U.S. government policy as well as of transnational corporations (Magdoff, 1969). Immanuel Wallerstein, in his *The Modern World-System* (1974, 1980, and 1989), which covers around 1500–1840, and elsewhere (*The Capitalist World Economy*, 1979) elaborated from the classic "dependency" argument in his own "world system" framework. This, however, envisaged some scope for upward economic mobility for underdeveloped countries. This provided some recognition of a reality that was then becoming increasingly clear: that industrialization was underway in formerly "underdeveloped" countries of East Asia in the 1960s to 1980s, while there had also been long-term growth of manufacturing in certain other parts of the third world, most notably Brazil. The economist Fernando Cardoso and others argued that, contrary to early dependency theory, *dependent development* was not a contradiction in terms but an accurate description of the dynamics of the Brazilian economy in the late twentieth century: an economy driven by a triple alliance of the national government, local capitalists (the junior partner), and foreign capitalists, the latter being mainly U.S. transnational corporations (Cardoso and Faletto, 1979). Meanwhile, Marx's "optimistic" (if also tragic) view of the consequences of imperialism for its victims was updated and restated, in a formidable polemic against dependency theory, by Bill Warren (Sender, 1980).

If Marxist and dependency writers have provided the most striking theories of the economic effects of imperialism, liberal writers have offered more on the motives and

mechanisms of territorial and other forms of imperialism. Admittedly, Lenin made a much-cited contribution, *Imperialism: The Highest Stage of Capitalism* (1916 and 1942). But, written during World War I, this was primarily intended to explain the internecine aggression of industrialized capitalist states as the final stage of capitalism. He argued that in those countries in which capitalism was most advanced, the endeavor to sustain the rate of return on investment had led to the formation of monopolistic firms in the home market, who correspondingly encouraged their governments to use force to secure markets and raw materials abroad. Much of the inspiration for Lenin's formulation came from a liberal free trader, J. A. Hobson, whose classic *Imperialism: A Study* (1902, revised 1905, 1938) was a critique of what he saw as the economic interests behind Great Britain's recent pursuit of war with the Afrikaner republics. I will discuss how these theories have fared in the light of subsequent historical research.

Economic Causes of Empire. It is important to note three preliminary complications. First, the issue of economic elements in the causes of imperialism is a matter not only of the aims of the empire but also of its net costs. The latter affected the capacity of states to conduct imperialism even when the motivation for empire was noneconomic. Second, analysis of the motives for an empire has to take account of the fact that, almost always, more than one level of decision taking was involved. Just as Columbus needed a sponsor before he could sail, annexations were often authorized in the imperial capital "in response" to an initiative by a local commander or official. Conversely, much might depend on how the "man on the spot" interpreted his instructions, which had to be implemented after substantial delay (given the limits of communication technology in the period concerned) in an often unpredictable setting. Third, any satisfactory explanation of an annexation, for instance, must be structured: there were permissive and facilitating conditions as well as proximate causes. These complications help explain why analyses of the causes of specific imperial acquisitions or retentions often seem inconclusive. This rest of this section is organized in three parts. One enlarges on the methodological issues. The second reviews economic motives in the different forms and phases of imperialism outlined earlier, relating them to the evolution of economic development in a global context. The third comments on the changing costs of empire.

Analysis of motivation: methodological considerations. What kinds of economic motives have contributed to the acquisition and maintenance of empires, and how important were they compared to noneconomic motives? The following observations should be made.

A frequent motif in the historiography is the argument that the annexation of a particular place was determined on the spot rather than in the metropole. Logically, however, "peripheral" explanations can never be sufficient because, by definition, the local representatives of an imperial power could be overruled. Therefore, an adequate analysis must account for the different attitudes of European governments toward the enthusiastic aggression of subordinates on the ground.

A common objection to economic explanations of metropolitan manifestations of imperial expansionism is that the prospective colony concerned accounted for only a small percentage of the prospective colonizer's overall trade and investment. This argument fails on marginalist logic. In economic terms, the question was surely whether the incremental cost of annexation compared with nonannexation was expected to be exceeded by the incremental benefits from trade and investment in the territory if it was colonized, compared to if it was not. Thus, the most significant aspect of the share of trade with Africa in the overall foreign trade of Great Britain, France, and Portugal in 1875, virtually on the eve of the "scramble for Africa," was not that it was small, but rather that it became much greater after the establishment of colonial rule (see Table 1).

Equally, that a territory's economic involvement with a particular European economy should have increased after annexation does not prove that this was the aim of annexation. Trade and investment could follow the flag even when the flag was imposed from noneconomic motives. The fact that the area was now a colony presumably reduced transaction costs for firms from the colonizing country. Meanwhile, the new colonial administration needed to justify its existence by trying to attract investment and by raising tax revenue—which was most easily obtainable via greater output for the market, and especially for export.

Finally, to resolve issues of motivation it is helpful to be able to examine the unpublished papers of the decision makers. Even so, care must be taken to check for consistency of purpose. If a private company wanted an imperial government to annex the country with which it was trading, it was in its interests to use whatever arguments it considered most likely to sway the decision—whether or not

TABLE 1. *Share of Trade with Sub-Saharan Africa in Total Trade of Great Britain, France, and Portugal, 1875–1920 (selected years)*

EXPORTS (IMPORTS)	1875	1890	1905*	1920
Great Britain	2.9 (2.6)	4.3 (3.5)	8.3 (6.9)	6.7 (6.6)
France	1.5 (1.2)	0.8 (1.4)	0.5 (0.8)	2.0 (3.4)
Portugal	5.0 (2.5)	6.0 (2.5)	15.0 (3.5)	13.0 (4.5)

*In the British case, 1906.

SOURCE: Austen Ralph. *African Economic History*, pp. 277–278. London, 1987.

those arguments represented its own priorities. Conversely, a government that decided on an annexation for, say, political reasons might well have a political interest in allowing those who had petitioned for the annexation on commercial grounds to believe that the decision was specifically a favor to the petitioners.

Economic aims in imperialism. It would be unrealistic to expect to find a consistent set of aims for imperialism, even when the inquiry is "limited" to half a millennium of mainly Western domination. The noneconomic motives varied with cultural and political context. Thus if militant Christianity did much to inspire Iberian colonists in the New World, this hardly applies—certainly not in the same way—to the Dutch and English trading companies in the seventeenth and eighteenth centuries and is irrelevant to the French colonial annexations of the late nineteenth century, under the strongly secular Third Republic. Again, rivalry within Europe affected the behavior of European states overseas, but in varied, even opposite, ways depending on the position of the individual polity concerned. Following the Franco-Prussian War of 1871, French governments may have acquired vast spaces in Africa (from 1879) in part as perceived compensation for the loss of smaller but more highly valued space at home. But, by definition, such reasoning cannot explain why Germany (in 1884) acquired four African colonies itself. Economic aims were often important. But they, too, varied in patterns that are most plausibly understood as relating to the changing economic interests of the countries concerned—and especially of their decision-making business and political elites—in the context of international economic relations and development.

For the Iberian pioneers of expansion beyond Europe, the search for wealth appears to have been a powerful incentive, though it was necessarily realized in different forms: precious metals as loot for the invaders themselves, institutionalized flows of gold and silver from mines and taxes from Spanish America to the Spanish crown, and trading profits (some of them monopolistic) for Portuguese traders. The latter was the official purpose of the chartered companies created by northwestern European countries in subsequent centuries. In India, the transition of the British East India Company from merchant to ruler of most of India (by 1818) was, at one level, a series of piecemeal responses to crises in or with particular indigenous states that destabilized trading conditions (crises themselves partly the result of earlier British interventions). At a higher level of decision making, the main reason the East India Company directors overcame their reluctance to accept further territorial responsibilities was financial: the prospect of additional land revenue.

It seems clear that the "imperialism of free trade," whatever its ideological justification, was underpinned by the calculation that the Industrial Revolution had given Great Britain, and then other Western producers, a competitive edge in manufactured goods in overseas markets, notably in Asia. This is not the full story, however: Great Britain's existing colonial interests in India were reflected in the name *Opium Wars*.

Less clear, and much disputed, are the reasons for the round of territorial annexations between 1875 and 1910. One point now established in the literature is that the Hobson-Lenin approach is largely irrelevant. Although there was indeed a vast outflow of capital from Great Britain and France in the period, little of it went to the countries that now came under colonial rule. Much stronger cases, however, have been made for the pertinence of other economic interests.

In Portugal, the least industrialized of the European countries that "scrambled" for Africa, the acquisition of further territory was seen as economically advantageous, though the economic imperialists disagreed over whether this advantage could be maximized by, in effect, leasing colonial resources and markets to foreign firms or having Portuguese companies exploit the opportunities themselves (Clarence-Smith, 1979).

British, French, and German merchants trading on the West African coast lobbied their respective governments, using chambers of commerce and members of their elected legislatures, for annexations to reduce the risks and costs in their dealings with African traders and rulers—problems that had increased because of a depression in the export trade of oil-palm products to Europe (Hopkins, 1973). For South Africa, it is necessary to explain why the British were willing to accept the independence of the Boer republics as late as 1881 (when the first war between the British and Afrikaners ended because Prime Minister Gladstone declined to pursue what was essentially a local quarrel), yet fought a major war to conquer them in 1899–1902. Economic hypotheses have centered on the discovery of gold on the Witswatersrand in 1886. For example, it has been argued that British mining companies sought to engineer a British annexation because they feared that the Afrikaner authorities would put the interests of Afrikaner farmers over those of British mine owners when it became a competition for African labor (Marks and Trapido, 1979, pp. 43–57; Porter, 1990, pp. 43–57).

In responding—selectively, albeit usually favorably in this period—to calls for annexations from economic interest groups operating in the countries concerned, policy makers in the imperial capitals had broader political and economic considerations. The influence of the latter can be seen in the role played by Joseph Chamberlain, the British colonial secretary from 1895 to 1903 and, therefore, a key figure in the final phase of British annexations in West Africa and in the origins of the South African War.

BRITISH EMPIRE. An 1887 advertisement for Pears' Soap assures British consumers "even if our invasion of the Soudan has done nothing else it has at any rate left the Arab something to puzzle his fuzzy head over." (The Fotomas Index, U.K.)

Chamberlain, who had himself been a screw manufacturer, was to go on to champion the cause of commercial autarky for the British Empire. In office, he sought to extend the "undeveloped estates" of the British Empire in Africa and elsewhere, not just to deny them to France or other rivals but to provide markets and investment opportunities for British private investment. This was in anticipation of a future in which Great Britain faced growing commercial competition from the industrial advances being made in Germany and the United States.

The most provocative and influential contribution of recent decades to the debate about the sources of British imperialism is P. J. Cain and A. G. Hopkins's *British Imperialism* (1993). They argue that, throughout the whole history of British overseas expansion, the decisive interest groups behind it were "gentlemanly capitalists," concentrated in London and the "home counties." Thus, not only was seventeenth- and eighteenth-century British imperialism pushed by landowners and merchants, but they were also succeeded in this, not by the northern manufacturers associated with the industrial revolution, but by City of London financiers. Cain and Hopkins's analysis has attracted controversy, which shows no sign of diminishing (Dumett, 1999; Akita, forthcoming). What is now needed is a systematic effort to place the British debate in a full comparative context.

Economic costs of empire. Economic gain, whether for the "metropolitan" economy as a whole or for a sectional interest with influence over policy, may be an aim of empire. But the costs of acquiring and maintaining control, and the capacity of the metropolitan economy to meet those costs, are relevant to any analysis of the causes of empire, even when the motivation for imperialism is political and cultural rather than economic. In this context, the following observations should be made.

European capacity to create overseas empires—on a scale totally unprecedented in world history—was not invariably or necessarily founded in an overwhelming economic superiority, which enabled them to meet costs that would have been prohibitive to others. At the base of European imperial expansion were the advances in navigation and gunnery, which enabled small numbers of Portuguese ships to dominate much of the Indian Ocean; guns and horses, which assisted tiny numbers of Spanish to overwhelm the Aztec and Inca empires; and the numbers and quality of firearms that British and other European forces brought to bear around the world over several centuries, usually keeping ahead of efforts by their opponents to catch up by imports and improvisation. The diseases that the Europeans brought with them also helped in the conquest of the Americas. In the tropics, on the other hand, pathogens tended to raise rather than lower the net cost of conquest, at least until (starting in the 1850s), the Europeans began to make use of quinine against malaria.

The material and human costs of maintaining political control were a major determinant of the longevity of empire. In much of imperial history, European governments avoided many of these costs by leaving empire to private (or joint private-state) enterprise. The major form of this was the chartered company. Such arrangements lasted often until the company concerned was unable to prevent or suppress indigenous resistance, at least not without major subsidy and/or bad publicity to embarrass the imperial government. The British East India Company was abolished by the British Parliament following the South Asian Revolt of 1857, and a similar fate befell chartered companies in the German colonies in Africa.

Even when imperial governments assumed responsibility over the territories concerned, it might be possible to save money, again by delegation, but this time to indigenous employees and authorities. Thus, in British West Africa, military and police forces were small and mainly recruited within the region, while lower-level judicial and

executive functions were delegated to African chiefs. When colonies were cheap, it was easier for the imperial power to leave aside the issue of whether they made a net contribution to the exchequer. Conversely, British India had a major army, but the costs were borne by Indians, and its existence was considered a major military and political asset in Great Britain's global profile. The other way to limit the costs of coercion was to avoid policies likely to provoke large-scale resistance. Thus, after 1857, the British government of India followed a cautious policy in rural areas, eschewing land reforms that might upset vested interests (which officials believed to have been a cause of the uprising) and collecting land tax with a much lighter hand.

Finally, rising costs contributed to the end of empire after 1945. For France in Indochina and Algeria, as for the Netherlands in what became Indonesia, the costs of war against armed independence movements became unsustainable. In Portugal, the costs of fighting liberation wars in its African colonies (including increasingly long periods of conscription for young men) contributed greatly to the revolution that overthrew the dictatorship in Lisbon in 1974. Costs were also relevant in the much more peaceful context of the British and French withdrawal from tropical Africa. In the mid-1950s, both imperial governments concluded that colonial rule was increasingly expensive because it was now politically essential—in the colonies themselves, in the imperial legislatures, and in the context of Cold War competition—to be actively "developmental." This was expected to entail heavy metropolitan investments in infrastructure and education in the colonies. Both in London and Paris, such investments were no longer considered worth the likely return to the imperial economies (Cooper, 1996).

Economic Results of Empire for the Colonized. The consequences varied with the nature and context of the imperial relationship. Where imperialism involved demographic displacement, indigenous populations generally experienced catastrophe: huge losses of lands and population and a long-term struggle to secure a share of the modern economies that were eventually created in their old territories.

The early modern trading empires had mixed results, depending partly on the nature of the commodity. Despite the monopolistic behavior of each European company, there was competition between (effectively) independent European traders in the intra-Asian trade. For much of the eighteenth century especially, there was competition on the West African coast and in the Indian Ocean between various European-chartered companies, while each company faced independent European "interlopers." Particularly, though not exclusively, where the Europeans' trading partners—the merchants and rulers they dealt with in Africa and Asia—remained politically independent during the period, those partners (and, indirectly, their partners' suppliers) could gain from the overseas markets to which the European merchants gave them access. Thus, Indian cloth was sold, for example, in West Africa and Mexico. African trading elites acquired revenue and imported trade goods, even while African economies absorbed the external costs of commerce based on the capture and export of people. In Asia, the Europeans had to pay for goods mostly with bullion: the coins issued by the Mughal emperors in the seventeenth century were made of American silver. The implication of this exchange was that the trade enlarged the output and income of Indian producers without subjecting them to the competition that imported goods would have represented (Prakash, 1998).

The impact of the informal imperialism of free trade was again limited to the extent that the countries affected remained politically sovereign. For Japan, the external challenge acted as a wake-up call. For China, though the Opium Wars resulted in increased consumption of the drug, the British were foiled in that the Chinese market was soon supplied largely by import-substituting Chinese producers.

A broad contrast may be drawn between the new economies created in the territories in which Europeans had largely displaced earlier populations and those colonies that remained mainly occupied by indigenous populations. The distinction can be put in terms of the import of factors of production; of the material and technical means to raise productivity by establishing new and higher production functions (new techniques, tools, and organisms); and of the institutional means for doing so, especially in the form of changes in property rights in factors of production. Generally, the colonies—and their successor states—taken over by European immigrants had relatively high rates of import of capital and labor, the latter including African slaves, in the New World. A qualification should be entered for Spanish America, where the flow of bullion to Spain seems to have largely bypassed opportunities for investment in colonial agriculture, at least until the late eighteenth century. Freed by the mid-nineteenth century from mercantilist restrictions, whether through the achievement of independence, or by imperial reforms, the new economies went on to attract most of the capital that flowed out of Europe, including during the golden era of such investment (c. 1870–1914). The interrelated process of conquest, settlement, and trade led not only to the transfer of tools and techniques but also to extensive exchange of animal and plant species between continents (Crosby, 1986). On the whole, productivity in the "countries of recent European settlement" was boosted by these biological introductions: Australia benefited from the sheep more than it lost from the rabbit, for instance, while Native Americans as well as European settlers made effective use of the horse. More generally, by 1900 it was clear that, as a

result of some combination of these successful importations, these economies had expanded greatly for the most part since the creation of the original colonies. The exceptions were mainly in Latin America, but even there Argentina was becoming one of the richest (per head) economies on earth, while by 1914 Brazil had a substantial light-manufacturing sector.

European settlers and their descendants generally adopted—and went on to change—rules of economic life derived from a model in their native continent. In this context, differences between empires may be as important as the shared experience of imperial rule. It has been argued that much of the economic success of North America is attributable to a favorable legacy of growth-conducive institutions from Great Britain, especially individual property rights, defined and secured both at micro level and in constitutional law and political process. By contrast, the argument continues, the institutional legacies of Latin America were less conducive to economic growth, and this accounts for the slower post-independence growth of the Latin American states. This view is plausible but surely insufficient. Alternative explanations relate not only to differences in factor endowment but also to the fiscal costs of achieving independence: whereas the costs of the American Revolution were borne partly by the French, the South American republics had to pay all their own expenses, a burden that denied them the opportunity to emulate the United States in moving fairly swiftly into self-sustaining economic growth (Bernecker and Tobler, 1993; Coatsworth, 1998).

African and Asian colonies attracted relatively small inflows of colonial capital and labor. India had only about 10 percent of British overseas investment by 1913. European agricultural techniques were tried, but in the tropics they often proved inefficient in the different climatic as well as economic conditions. Industrial-Revolution technology enabled British firms not only to take over the overseas markets that European ships had previously opened to Indian spinners and weavers but also to make great inroads into the domestic markets of handicraft industries in Asia and Africa. On the other hand, European sea trade gave African and Asian farmers the chance to try American plants, such as the cocoa tree with the result that—primarily through indigenous enterprise—West Africans became the main cultivators of this Amazonian species. In some colonies, notably in West Africa and Southeast Asia, export agriculture brought substantially higher—if fluctuating—real incomes to broad sections of the population. Even in industry, by 1914 Indian factory owners had taken over much of the market share that handicraft producers had lost to imported cloth. Colonial governments generally concentrated their investments on transport infrastructure, notably railways. The effect was to encourage export orientation in agriculture.

At an imperial level, colonies were expected to specialize in the production of primary commodities, and their administrations rarely did much to promote manufacturing. But some qualifications should be noted. A modern textile industry developed in North Vietnam from 1894 (under French ownership), based on cheap labor and defended by French tariffs, while in the Dutch East Indies, textiles led a varied manufacturing sector (under European, Chinese, and American ownership) that emerged strongly, also behind a tariff wall, in the 1930s. Even the government of British India became gradually more supportive of manufacturing during its last fifty years, partly because of pressure from nationalists (as with the introduction of a provision for "infant industry" protection in 1924). As of 1950, India was the tenth-largest producer of manufactured goods in the world. But Korea, under Japanese rule, was the only colony to have a substantial heavy industrial sector built on its soil. Finally, Kaoru Sugihara links the observation that the City of London "was a vital facilitator of technological transfer from the West to East Asia" with Cain and Hopkins's argument that British imperialism was driven by financial rather than industrial interests (Sugihara, forthcoming). This suggests an element of complementarity between British economic imperialism and the industrial development of Japan.

European institutions were much less widely adopted in the colonies of predominantly indigenous habitation than in those of mainly European settlement. In the early decades of British colonial rule east and south of the Mediterranean, it seemed that Great Britain was determined to refashion land tenure along British lines. In Bengal in 1793, Governor Cornwallis sought to create an English-type structure of landlords and tenants, in which the former would theoretically have an interest in encouraging improved methods of cultivation by the latter. Following the annexation of Lagos in 1861, the colonial government created individual titles in land to facilitate the capital as well as land markets. But such institutional radicalism was soon halted in India and West Africa: subsequent British policy was more cautious and generally sought to preserve what the administrations defined as the "traditional" land tenure system. An exception was lands reserved for white settlers in certain colonies. Otherwise, during the colonial twentieth century, tendencies toward stronger individual rights in land tenure and to the buying and selling of cultivation rights generally emanated from market forces or "informal" indigenous adaptations of existing practices, rather than from formal colonial intervention.

Colonial regimes generally adopted a similarly cautious approach to the reform of labor institutions. Europe's mercantilist empires in much of the New World had been based on slave plantations. When Europe partitioned

Africa, the imperial powers committed themselves to abolishing slavery wherever they found it. Yet in practice, colonial governments usually took years or even decades before effectively prohibiting the various forms of slavery and debt bondage that they encountered south of the Sahara.

This widespread reluctance of colonial regimes to impose contemporary European models of land and labor law on African and Asian societies stemmed partly from budget constraints: lack of revenue to pay for compulsory land titling or compensate owners of freed slaves. But more fundamentally, colonial administrators tended to put maintaining social order ahead of reform. Individual ownership of land and individual ownership of their own labor power could result in a breakdown of social control, as poor peasants lost their land through debt or sale, and/or as former slaves left their masters for an uncertain wage-labor market. When colonial governments encouraged wage labor, mainly for European employers (mines, plantations, or settler farms), it was usually in the halfway form of seasonal migration rather than full-scale dependence on the market. Yet by the end of colonial rule, Marx's "modernizing" view of capitalist imperialism had come at least half true. Partly in response to changes in demand for factors of production rather than because of colonial policies on land and labor as such, land tenure was often more commercialized, while labor was recruited from outside the family more often than before and, above all, was obtained on relatively free markets.

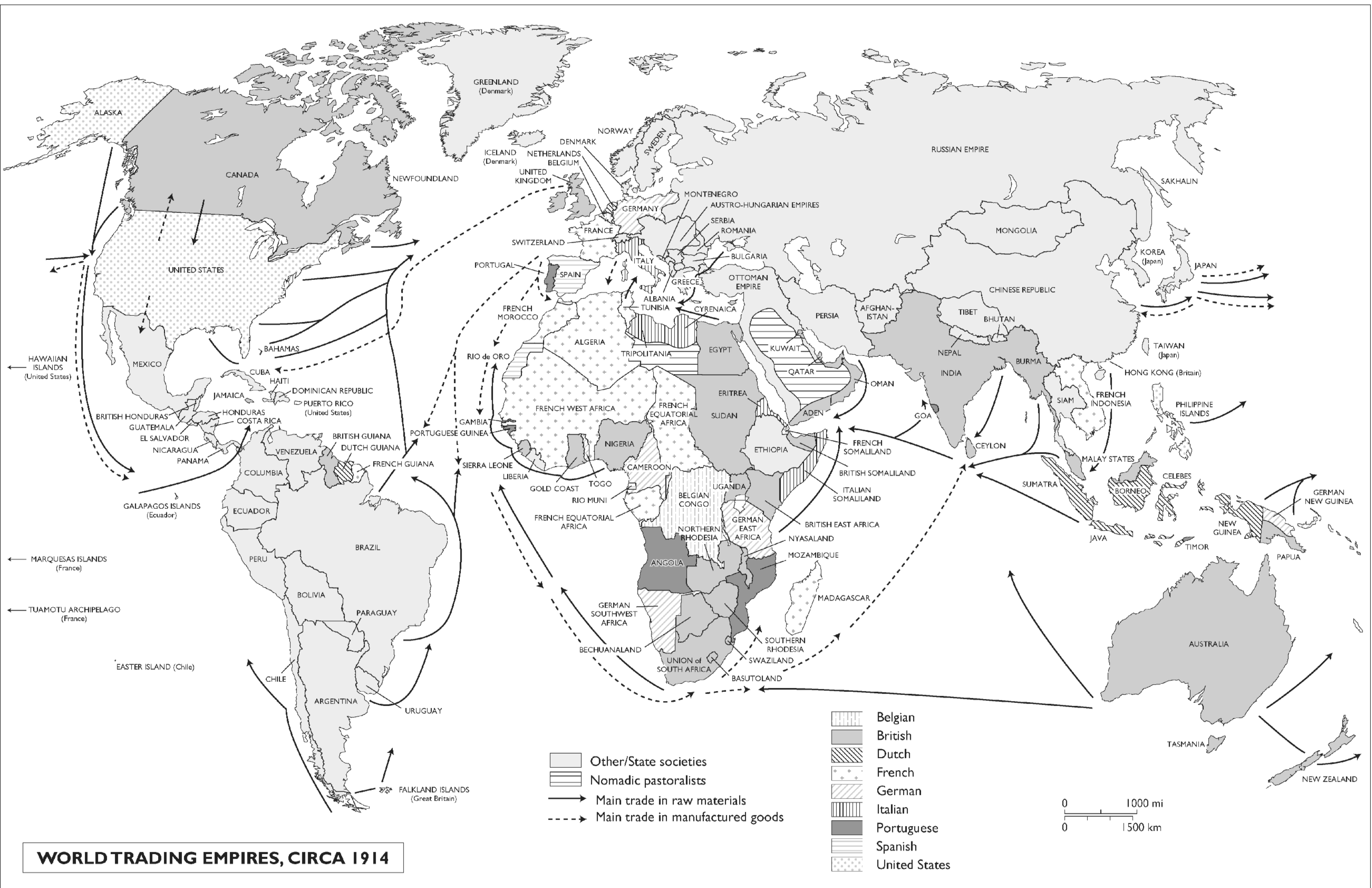
Economic Results of Empire for the Colonizers. It is questionable whether the possession of empire contributed to economic growth or structural development in the early modern era (to c. 1815). Spanish miners, shippers, and the monarchy and its payroll all benefited in real terms. But the orientation of imperial commerce toward the annual shipment of bullion to Spain was at the cost of inflation—transmitted throughout Europe but highest in Spain—and was associated with (though did not directly or sufficiently cause) lagging industrial expansion in Spain. Even in the Dutch economy, whose relatively advanced market orientation equipped it to take advantage of a trade-based empire, commercial expansion was not converted into sustained development of manufacturing. For France, the overseas adventures of the early modern era contributed greatly to the fiscal burden, which helped bring the ancien régime to crisis.

Great Britain was, arguably, the one early modern European economy to derive sizable net gains from empire, and it was the one with by far the largest trade with other continents. Yet, the importance of these gains has been much disputed. Patrick O'Brien argued that such commerce made a quantitatively insignificant contribution to the reinvestable surplus even of Great Britain, let alone of western Europe generally (O'Brien, 1982; compare Wallerstein, 1983). Meanwhile, research on the genesis of that revolution has emphasized domestic sources of investment and the importance of domestic and European markets, rather than colonial trade. Clearly, possession of an overseas empire was unnecessary for an industrial revolution, as was demonstrated by nineteenth-century Germany. Neither was it sufficient, as was demonstrated by the slow economic development of Portugal and Spain after their acquisition of empires.

Recently, Kenneth Pomeranz (2000) has reemphasized the importance of empire to the eighteenth-century British economy. He argues that what finally enabled Great Britain (and, by extension, the West as a whole during the nineteenth century) to industrialize when China did not was that whereas Chinese growth ran into diminishing returns caused by a shortage of land and fuel, the British took advantage not only of their own coal but of the availability—thanks to colonialism—of North American natural resources. Thus, if the British economy escaped an ecological bottleneck, an essential contribution was made by cheap fuel and food from across the Atlantic, as well as by cheaper raw material for textiles, thanks to the combination of American land and African slaves.

The contribution of formal colonialism without demographic takeover to the "metropolitan" economies has been similarly controversial. The Dutch economy derived major benefit from its territorial empire in the nineteenth century following the establishment, from around 1830, of the Cultivation System, under which Javanese were forced to grow selected export crops on a large scale. In the heyday of the system, the 1850s and 1860s, the financial surplus from the Dutch East Indies constituted more than 30 percent of Dutch public revenue; but the system was dismantled during the late nineteenth century under domestic criticism (Brown, 1997). The French economy appears to have benefited, though relatively modestly, from colonies in Algeria and Indochina, though not necessarily from France's sub-Saharan possessions before 1945. The Portuguese economy arguably obtained net gains in the 1930s–1950s from more systematic exploitation under the Salazar regime—before the gains were swallowed by the costs of fighting independence movements. Part of the problem for European empires is said to have been that possession of "captive" markets deflected metropolitan firms from the central task of adapting to remain competitive with the new industrial leaders, including those with relatively minimal colonial empires—the United States and Germany.

That thesis would seem least applicable to the largest empire, the British, because of the British commitment to free trade until 1931. Even so, the fullest quantitative balance sheet of the British empire concluded that the British



WORLD TRADING EMPIRES, CIRCA 1914
Other/State societies
Nomadic pastoralists
Main trade in raw materials
Main trade in manufactured goods
Belgian
British
Dutch
French
German
Italian
Portuguese
Spanish
United States
0 1000 mi
0 1500 km
ALASKA
CANADA
UNITED STATES
MEXICO
NEWFOUNDLAND
GREENLAND (Denmark)
ICELAND (Denmark)
HAWAIIAN ISLANDS (United States)
MARQUESAS ISLANDS (France)
TUAMOTU ARCHIPELAGO (France)
EASTER ISLAND (Chile)
GALAPAGOS ISLANDS (Ecuador)
BAHAMAS
CUBA
HAITI
DOMINICAN REPUBLIC
PUERTO RICO (United States)
JAMAICA
BRITISH HONDURAS
HONDURAS
GUATEMALA
COSTA RICA
EL SALVADOR
NICARAGUA
PANAMA
BRITISH GUIANA
DUTCH GUIANA
FRENCH GUIANA
VENEZUELA
COLUMBIA
ECUADOR
PERU
BRAZIL
BOLIVIA
PARAGUAY
CHILE
ARGENTINA
URUGUAY
FALKLAND ISLANDS (Great Britain)
NORWAY
DENMARK
SWEDEN
NETHERLANDS
BELGIUM
UNITED KINGDOM
GERMANY
FRANCE
SWITZERLAND
PORTUGAL
SPAIN
ITALY
MONTENEGRO
AUSTRO-HUNGARIAN EMPIRES
SERBIA
ROMANIA
BULGARIA
GREECE
ALBANIA
OTTOMAN EMPIRE
TUNISIA
CYRENAICA
FRENCH MOROCCO
RIO de ORO
ALGERIA
TRIPOLITANIA
EGYPT
GAMBIA
PORTUGUESE GUINEA
SIERRA LEONE
LIBERIA
FRENCH WEST AFRICA
GOLD COAST
TOGO
NIGERIA
CAMEROON
RIO MUNI
FRENCH EQUATORIAL AFRICA
ERITREA
SUDAN
ETHIOPIA
FRENCH SOMALILAND
BRITISH SOMALILAND
ITALIAN SOMALILAND
UGANDA
BELGIAN CONGO
BRITISH EAST AFRICA
GERMAN EAST AFRICA
NORTHERN RHODESIA
NYASALAND
ANGOLA
MOZAMBIQUE
MADAGASCAR
GERMAN SOUTHWEST AFRICA
BECHUANALAND
SOUTHERN RHODESIA
SWAZILAND
UNION of SOUTH AFRICA
BASUTOLAND
RUSSIAN EMPIRE
PERSIA
KUWAIT
QATAR
OMAN
ADEN
AFGHAN-ISTAN
TIBET
BHUTAN
NEPAL
INDIA
GOA
CEYLON
BURMA
MONGOLIA
CHINESE REPUBLIC
SAKHALIN
KOREA (Japan)
JAPAN
TAIWAN (Japan)
HONG KONG (Britain)
SIAM
FRENCH INDONESIA
PHILIPPINE ISLANDS
MALAY STATES
SUMATRA
BORNEO
CELEBES
JAVA
TIMOR
NEW GUINEA
GERMAN NEW GUINEA
PAPUA
AUSTRALIA
TASMANIA
NEW ZEALAND

economy was the poorer for empire, though private investors, especially those from London and from the social elite, were the richer (Davis and Huttenback, 1986; compare O'Brien and Prados de la Escosura, 1999). Davis and Huttenback's analysis has been strongly disputed: their finding of a net loss depends, for instance, on the problematic issue of how much the defense of Canada cost the British treasury. If the calculation were redone to allow for Canadian and other overseas imperial contributions to the British war efforts from 1914 to 1918 and from 1939 to 1945, the overall picture could look different (Offer, 1993).

Ironically, Great Britain's colonies in tropical Africa made their most valuable contributions to the imperial current account within what turned out to be the last twenty years of colonial rule, as commodities such as West African cocoa earned dollars that the metropolitan economy desperately needed. Malayan rubber was of diminishing importance in this respect in the late 1940s, as U.S. purchases of natural rubber declined. Crucially, there was a broader trend in the mid-twentieth century, rooted in changes within the Western economies, for European countries to trade even more among themselves and with other industrialized economies, while commercial links with remaining or recent colonies relatively declined (Marseille, 1984; Lipietz, 1983).

Conclusion. Since the virtual end of formal overseas empires around 1960, much necessary revisionism has taken place: discrediting some of the earlier analyses of economic motivation for empire and developing new or more refined ones; attempting to quantify the gains and losses to the metropolitan economies; and reshaping the context in which European imperial history should be understood—by showing that the world on which Europe burst out in the fifteenth to eighteenth centuries was by no means uniformly backward economically and by revealing the previously understated extent of indigenous economic initiatives within certain African and Asian colonies in the nineteenth and twentieth centuries. This essay has sought to illustrate the variety of historical experience and of available interpretation. It is appropriate to end by underlining the importance of the topic in a different context. Much of the history of global economic integration, including the reduction of transaction costs that provided the framework for price convergence in goods and eventually in factor markets, has been the history of imperialism. In principle, the results of empire might be distinguished from those of peaceful migration and trade: but the distinction is meaningless when conquest was a precondition of foreign settlement, or for mercantilism, or where free trade was imposed by foreign guns. That the populations of Australasia and the Americas speak European languages would not have happened without the violent seizure of overseas territory. Empire has been central to both the fact and the form of integration in the global economy during the last five hundred years.

[*See also* Economic Development; Geographical Expansion; International Migration; *and* Settler Economies.]

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