

COLONIAL *and* IMPERIALIST EXPANSION: *A Marxist Analysis*

IV.—The Decline of Mercantilism and the Rise of Imperialism

AFTER 1800 the supremacy of Mercantilism as a theory governing our commercial policy waned; and towards 1830 interest in colonies and overseas trade declined steadily. This was due to the rise between 1760 and 1830 of industrial capital and the manufacturing bourgeoisie. These latter chafed against the restrictions and regulations which Mercantilism imposed on industry and exchange. Industrial capital, chiefly invested in textiles, had little interest in carefully protected trade with colonies. Its watchword was Free Trade; and this is what Adam Smith and Jeremy Bentham both preached.

Now, during the class struggle of industrial capital for political supremacy we notice an interesting fact—the previous rigid distinctions between political parties become blurred. As sections of the two previous forms of property, land and merchant capital, came in touch with the new ideas and acquired interests in the new property form, industrial capital, so the policies of the old parties, Whig and Tory, became divided and vacillating. Between 1820 and 1850 the old party lines became merely nominal, and the old Whigs came to have more in common with the old Tories than each had with the younger members of their own party. For instance, in the case of the administration of the Whig Lord John Russell in the late '40's, following on the Ministry of the Tory Peel:—"Throughout the Russell Administration all the lines of party division were blurred. Peel had broken up the Tories and helped to break up the Whigs. Russell had not converted the whole Whig Party to Free Trade. Many influential men would have preferred a protectionist to a Peelite alliance. Melbourne (Whig) was protectionist to the last. The manufacturing Free-Traders preferred Peel to the Whigs, and Cobden once begged him to lead a new middle-class party. . . . After Bentinck's death in 1848 the protectionist Tories came under the control of Disraeli."¹

The Russell Ministry was defeated in 1851. There followed a short Ministry of the Tory and protectionist Lord Derby "by the courtesy of the Peelites." It did nothing. The General Election gave no decisive result on the old party lines, but it did give a decisive result for Free Trade. There followed consequently a new alignment of political forces, corresponding to the new alignment of economic forces. Gladstone, who had once been a Tory, led the new Liberal Party, representing predominantly industrial capital. Disraeli led the new Conservative Party, representing predominantly the reactionary interests of land and financial capital. A period of Liberal predominance was to follow; and it was Gladstone's legislation that removed the last traces of Mercantilism. As Walpole in the 18th century was the great Prime Minister of Triumphant Merchant Capital, so Gladstone may be said to have been the Prime Minister of Triumphant Industrial Capital in its early stage.

The policy of this period was a decline in overseas expansion and in interest in colonies. Many of the new bourgeoisie regarded colonies as useless encumbrances, or at best not worth the spending of much money.

¹ *Cambridge Modern History*, Vol. XI., Chapter I., p. 20.

Between 1848 and 1862 numerous commissions sat to inquire into colonial expenditure and defence, and as a result between 1862 and 1870 a large number of colonial garrisons were withdrawn.

But after 1870 there was a change. Important inventions in iron and steel, such as the Bessemer process and the Thomas-Gilchrist invention, brought iron and steel to the front in place of textiles as the dominant commodity of Capitalism. In the '70's took place that second Industrial Revolution, as Dr. Clapham calls it, which was to usher in a new stage of large-scale Combinative Capitalism, centring round iron and steel. There existed in iron and steel economies in large-scale industry which did not exist in the case of textiles. In England after 1880 concentration of capital in iron and steel went on apace¹; and with the need of acquiring large masses of capital for this industry on a large scale the Joint Stock Company became the characteristic of Capitalism. Modern Germany dates from the '70's, and has been built up around her iron and steel, the Thomas-Gilchrist invention enabling her to use the phosphoric ores of Lorraine, which in 1871 she had seized from France; and politically modern Germany represents a compromise between Industrial Capital and Landed Property. The great Powers of the modern world, Britain, Germany, U.S.A., France, have been those possessed of iron and coal. So the rise to predominance of iron and steel capital has ushered in since the '70's an entirely new stage of Capitalism; and—a fact pregnant with meaning for the proletariat—the international differentiation and integration which capitalist specialised mass production produces “are making the developments of modern nations tend to synchronise.”²

Imperialist expansion as an economic movement and Empire as a political and moral ideal are the twin children of this new stage of Capitalism. Marx said that the periodic Crisis would bring about the decline of Capitalism. So it has, but in a slightly more roundabout way than he, writing during the early stage of Capitalism, could foresee. Now, Sismondi's theory of Crises as due to the under-consumption of the working class, with its consequent excess of goods produced over consumption, is a fallacy, in that investments, when turned into Constant and Variable Capital, themselves create a demand for raw material, machines, and labour-power. But although the bourgeois economists are right in declaring it impossible for there to be *absolute* over-production as a permanent and chronic condition in all industries in excess of purchasing power, since, as Mainwaring has been showing, purchasing power is created in the process of production itself; yet it is possible to have *relative* over-production for a time. This may be of one branch of goods relatively to others, or of goods relative to purchasing power at the moment, which may have suffered a temporary and artificial diminution owing to credit contraction by the banks.

Now, there exists under Competitive Capitalism a continual tendency for Constructional Goods (machines, etc.) to be produced in excess relatively to Consumption Goods (food, clothing, etc.). For the demand for the former is dependent on their requirement in the production of the latter; and the demand for new machines is recurrent, not continuous. So in Industrial Crises it is in the Constructional Industries that the widest fluctuations occur.³ Marx hinted at this when he said that the length

¹ Levy, *Monopoly and Competition*, p. 210.

² Marshall, *Principles of Economics*, p. 753, quoting Knies.

³ For a more detailed working out of this see Pigou, *Economics of Welfare*, the early pages of his first chapter on Industrial Fluctuations.

of the industrial cycle was conditioned by the average length of life of a machine or locomotive.

When the interests of iron and steel became predominant, their natural object was to find some means of alleviating this recurrent depression, always severest in iron and steel, by creating a new demand for Constructional Goods. This could only be done directly by *extending capitalist production* itself. This would create a direct demand for iron and steel as machinery, new railways, etc. Their interests united with those of financial capital, desiring, on account of the decline in the rate of profit, more profitable spheres for investment of the capitalist surplus. The material signs of this economic tendency to extend capitalist production to new countries was a growing export of capital, which when invested abroad created a demand for the export of iron and steel, and also of consumption goods.

So much has already been written on Imperialism by Marxists that it is unnecessary to do more than summarise briefly its chief events. Whereas in 1865 "a select committee of the House of Commons recommended the gradual abandonment of every W. African colony except Sierra Leone"¹; whereas Gladstone had diminished British control in S. Africa by the Sand River Convention of 1852, and "Ministers in London viewed its (S. Africa's) sole use to Britain . . . as the maintenance of the naval station in Simon's Bay"¹; and whereas Gladstone even as late as 1884 had refused to accede to Australia's request to annex New Guinea, in spite of German expansion in the Pacific; on the other hand "about 1885 we recognise that a new view of regarding colonial relations has become popular"² and "in the ten years 1880-1890 five million square miles of African territory were seized by and subjected to European States, . . . (while) in Asia during the same ten years Britain annexed Burma and subjected to her control the Malay peninsula and Baluchistan; while France took the first steps towards subjecting or breaking up China by seizing Annam and Tonking; (and) at the same time there took place a scramble for the islands of the Pacific between the Great Powers."³ "After a series of international agreements completed in 1900 the Pacific had been mapped out as definitely as any continent."⁴ In 1884 the Berlin Conference met to arrange the Partition of Africa. Jose, an ultra-imperialist historian, announces with delightful naïveté that Britain was "unaccustomed to this direct State action and a little dazed by the general scramble"; but "her missionaries and her traders saved her."⁵ "By 1914 the whole continent with the exception of Abyssinia and Liberia had been subjected to the control and government of European States."⁶ So it is we see that superficial similarity to the Mercantilism of the 18th century, which Thorold Rogers noticed in 1888—the State using its powers aggressively to further the interests of capital in all corners of the globe.

As we have already noticed, during periods of economic transition leading to a new balance of economic forces political party-lines become blurred. In England at this period we see the Liberal Party split on the Imperialist question of Ireland and the Liberal-Unionists join the Conservatives. Joseph Chamberlain, a former Liberal, leads the new union

¹ Jose, *Growth of the Empire*, pp. 281 and 318.

² Egerton, *Short History of Brit. Colonial Policy*, p. 369.

³ Leonard Woolf, *Economic Imperialism*, pp. 32-33.

⁴ Jose, *loc. cit.*, p. 384.

⁵ Jose, *loc. cit.*, p. 336.

⁶ Leonard Woolf, *loc. cit.*, p. 37.

of iron and steel capital with finance capital in the rejuvenated Conservative or Unionist Party, clamouring for Protection and Imperial Preference. By 1906 we find the Liberal Party completely converted to Imperialism with Sir Edward Grey at the Foreign Office. To-day we see Liberals happily wed with Conservatives in a class Coalition under the Imperialist wing of Lloyd George. Further, we have a perceptible change in the principles of the growing Socialist parties. The export of capital, while involving a rise in profits to the capitalists, at the same time involves an increased demand for labour at home.¹ Consequently the working class saw their immediate interests in taking advantage of this to secure reforms in their conditions. As an inevitable result we find British Labour, American Labour, the Social-Democrats of Germany and the French Socialists becoming unconsciously infected with the Imperialist ideology, and adopting a Reformist policy of compromise with the bourgeoisie, often scarcely conscious themselves of the new path they were taking. This, of course, produced its antithesis or reaction against it in the Syndicalist movement in the first decade of the present century.

In Africa and Asia Imperialism has produced those conditions which have everywhere characterised the early growth of Capitalism. First is the need of Capital to obtain political power. Hence, the extension of imperial authority by the appointment of advisers to native chiefs and princes, by treaties, as with China and Japan, by "peaceful penetration," as of S. America and Persia, by annexations and protectorates. "Wherever you find that word 'Protectorate' on African soil you may be sure that diplomacy has been up to some of its sharp tricks with the glint of steel in the background," says an American writer.² The Boer War arose from a struggle of the English capitalists with money invested in Rand gold mining to get political power in the Transvaal (the Uitlander question). The Jameson Raid was a *coup d'état*, organised by that pioneer of Capitalist Imperialism in S. Africa, Cecil Rhodes, in order to achieve this. The present trouble in India is fundamentally the attempt of native Indian capitalists to get political power; one of their chief arguments being that British authority is used to crush native industrial enterprise.

Secondly is the need for the creation of a native proletariat. This is done either by cutting down the native land "reserves" (parallel to the English "Enclosures"), by taxing him in his tribes, or by compulsory labour sanctioned by the Administration, as in the Congo and Kenya.

Thirdly, there is the need for the imposition on the native of an ideology favourable to Capitalist Production. This is fulfilled by the introduction of European education, European religion, etc. Says the Hawaiian tea-planter in the play "The Bird of Paradise," "I've heard it said that trade follows the flag; my experience is that trade follows the missionary."

Imperialism, culminating in the recent world war, has produced those contradictions which at the present day are the dynamics of further change. It is for the class-conscious proletarian to understand these tendencies of the present by historical comparison with the past. Then he will be able to guide them creatively. Said Spencer: "He who labours in line with evolution, him can we truly call great."

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(Concluded.)

¹ C. K. Hobson, *The Export of Capital*.

² Edgar Allan Forbes, *The Land of the White Helmet*.