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DEBATE

THE COSTS AND BENEFITS OF BRITISH IMPERIALISM 1846-1914

There is much to welcome in Patrick O'Brien's provocative re-examination of "The Costs and Benefits of British Imperialism 1846-1914".¹ In the first place, it is a useful synthesis of the outpouring of many recent studies concerning the economics of empire. Secondly, it also challenges very effectively — at least to this reader's mind — the older argument that there were measurable and distinct economic benefits (whether from investment or trade or settlement) deriving from the possession of colonies which could not be derived from non-colonial territories. By extension, it contributes to that even larger debate about the "costs" of empire and of Great Power status which runs from classical times to our contemporary ruminations over the problems facing the United States and the Soviet Union.² All too frequently, the political assumptions about a country's need to uphold certain overseas obligations or to maintain defence forces at a particular level are simply not subjected to the sort of vigorous scrutiny which O'Brien employs here.

But while it is good to have his article in print, it is also necessary to point out that he in his turn has made assumptions and deployed arguments which also merit scrutiny — and challenge. Some of this concerns the statistical basis upon which O'Brien measures the burdens of defence spending; much of it, however, relates to the political and strategical assumptions which he makes about the nature of the international order which would obtain had his "Cobdenite" counterfactual logic actually been accepted at the time.

Perhaps the most questionable of these assumptions is the one which hypothesizes that "British businessmen, with or without the raj, [might] have been engaged in similar kinds and levels of commerce with India" and with other colonies.³ To raise the issue, "Why

¹ Patrick K. O'Brien, "The Costs and Benefits of British Imperialism, 1846-1914", *Past and Present*, no. 120 (Aug. 1988), pp. 163-200.

² A debate touched upon by my own *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000* (London and New York, 1988); as also in M. Doyle, *Empires* (Ithaca, 1986).

³ O'Brien, "Costs and Benefits", p. 165.

should an independent India have withdrawn from trade with the United Kingdom?"⁴ surely begs the larger point about whether an "independent India" would have existed in the nineteenth century at all and what sort of "trade" would have survived. The Victorians themselves had little doubt, especially after the experience of the Mutiny, as to the conditions that would prevail were India to be abandoned. In Dilke's classic phrase, "Were we to leave Australia or the Cape, we should continue to be the chief customers of those countries: were we to leave India or Ceylon, they would have no customers at all; for, falling into anarchy, they would cease at once to export their goods to us and to consume our manufactures".⁵ No doubt that statement reflects the imperialists' arrogant belief that only British (or French or German) rule ensured law, order and good government without which trade and credit would collapse. Nevertheless it remains difficult to envisage that the *political* circumstances — the non-existence of the raj — could be so drastically different without the *economic* circumstances — railways, ports, investments, commerce — being affected at all. In a world in which Cobdenite rationality completely prevailed, such an assumption is of course feasible enough; but it is O'Brien himself who makes the point that the late nineteenth century was instead a world of "resurgent imperialism, nationalism and the so-called *realpolitik* of strategic necessity", a world suffering from "the high tide of European imperialism".⁶ There was little doubt that the cost of maintaining British army garrisons in India, Egypt and Natal was considerable; but were the imperialists completely wrong in arguing that, if those garrisons were withdrawn, there would be other costs to pay?

With regard to the burden of British naval expenditures, it becomes even more difficult to visualize O'Brien's counterfactual circumstance in which the Royal Navy could be deployed in "British" territorial waters but not in "empire" waters.⁷ To be sure, a whole array of gunboats — especially designed for African and Asian stations⁸ — would not have been necessary had Britain assumed the role of, say, a Denmark or a Sweden. But the savings from scrapping such vessels

⁴ *Ibid.*, p. 169.

⁵ As quoted in R. Robinson and J. Gallagher, with A. Denny, *Africa and the Victorians: The Official Mind of Imperialism* (London, 1961), p. 10.

⁶ O'Brien, "Costs and Benefits", p. 197.

⁷ *Ibid.*, p. 191.

⁸ For details, see A. Preston and J. Major, *Send a Gunboat! A Study of the Gunboat and its Role in British Policy, 1854-1904* (London, 1967).

would not have been large (and would chiefly have been in releasing trained naval personnel).

Moreover, even if the savings had been greater, this entire argument fails to address the fundamental principle which underlay the Admiralty's deployment policy — that its fleets were located in those waters where potentially hostile fleets threatened British command of the sea lines of communication. During the "high tide of European imperialism" the chief threats were in the Mediterranean and, a little later, the Far East — and British battleships and cruisers were correspondingly deployed in those seas to meet the challenge. In other words, what located British warships in Malta, Alexandria, Hong Kong and Weihaiwei was the fact that French warships were operating out of Bizerta and Saigon, and a Russian fleet was stationed at Vladivostok. After 1905, and particularly after 1912, British fleet deployments were quite different, because the greatest threat was perceived to be across the North Sea.⁹ Such a change was, in the Admiralty's view, perfectly logical: "the Kaleidoscopic nature of international relations, as well as the variations or new developments in Seapower, not only forbids any permanent allocation of numbers, but in fact points the necessity for periodic redistribution of ships between our Fleets to meet the political requirements of the moment".¹⁰ By the same token, a relaxation of the Anglo-German naval "race" and/or a revival of the threats posed by the Franco-Russian fleet to British maritime communications would have led to a re-deployment of forces out of the North Sea. But at no time did the Admiralty assume that the size of the Royal Navy might be determined by some arbitrary distinction between necessary "British waters" deployments and unnecessary "empire" naval requirements.

With the wisdom of hindsight, and the knowledge of not just one but *two* great wars which Britain was to fight against Germany in the twentieth century, it is indeed possible to agree with O'Brien that the "containing" of "German militarism" was the prime challenge that faced decision-makers in London, and that a concern with imperial matters "obfuscated" and "delayed" the necessary concentration of energies and resources to that end.¹¹ But such a viewpoint ignores the fact that, for the greater part of the period under analysis in O'Brien's article, Germany was regarded by British statesmen as a

⁹ See the distribution charts in P. M. Kennedy, *The Rise and Fall of British Naval Mastery* (London and New York, 1976), p. 228.

¹⁰ *Ibid.*, p. 219.

¹¹ O'Brien, "Costs and Benefits", pp. 198-9 and n. 147.

potential counterweight to what were perceived as the much more threatening expansionisms of the Russian and French military. How was it clear, until after 1900, that the German threat was the more serious?

In any case, preparing Britain for the strategical role of preserving the balance of power in Europe against Germany — as O'Brien appears to urge it¹² — was not only a horrendously expensive proposition, it was also one bitterly opposed by the “Cobdenite” critics whose views on imperial burdens O'Brien is elsewhere happy to echo. From the perspective of Cobden himself, or from latter-day Cobdenites such as John Morley, a Continental military commitment might well have been regarded as even worse than the costs of holding down an empire.¹³ After all, while the upkeep of military garrisons in India and elsewhere involved large monetary “costs”, the British practice of recruiting a professional, volunteer, long-service army — a *sine qua non* for “imperial defence” — quite specifically avoided the social and political “costs” of conscription, which were also anathema to Cobden and his followers. No doubt 1,000 British soldiers were more expensive to maintain each year than, say, 1,000 French or Austro-Hungarian conscripts — which is one reason why British military expenditures were often larger than those of several European states. But the burdens of defence could not be measured by economic statistics alone.

Even when one turns to O'Brien's statistical analysis of “Imperial Budgets and Strategic Necessities”,¹⁴ the burdens borne by the British taxpayer may not be as heavy, relative to those in other countries, as he suggests. To begin with, any comparison based upon “Average Taxes and Expenditure by *Central Governments* in £ per Head 1860-1914”¹⁵ may be a questionable measure when the division of fiscal duties and powers between federal, regional and local governments differed so much from country to country. For example, the German

¹² *Ibid.*

¹³ See, for example, A. J. P. Taylor, *The Trouble-Makers: Dissent over Foreign Policy, 1792-1939* (London, 1964), chs. 2-4; A. J. A. Morris, *Radicalism against War, 1906-1914* (London, 1972).

¹⁴ O'Brien, “Costs and Benefits”, Section V, pp. 186-95.

¹⁵ This is the title of “Table 4”, offered *ibid.*, p. 187. The table itself is a distillation of the researches of L. E. Davis and R. A. Huttenback, *Mammon and the Pursuit of Empire: The Political Economy of British Imperialism, 1860-1912* (Cambridge, 1986), a very well-received book; nevertheless it is inordinately difficult to check their comparative statistics on relative defence expenditures — as can be gathered merely by reading the explanation of the “data presented” on pp. 143-4. And compare with the data referred to in n. 18 below.

central government (that is, the *Reich* government) could not raise direct taxes, whereas the British central government could — and did; although it never taxed the lower-income earners in the way that German *state* governments did.¹⁶

Secondly, the Continental European states had an increasing tendency to borrow on the money-markets, even in peacetime, in order to cover the “gap” between expenditures and revenue. In the short term, therefore, European taxpayers did not carry the full burden of the pre-1914 armaments build-up; but the longer-term cost was a large-scale increase in their national debts. By contrast, although the British Treasury was forced to float loans to cover the immediate and extraordinary costs of the Boer War, in all *peacetime* years (that is, prior to 1899 and after 1902) the National Debt was being steadily reduced and there remained that deep Gladstonian suspicion of unbalanced budgets. If the cost in taxes really was higher than in those countries which regularly borrowed to cover part of their central-government expenditures, the benefits of this fiscal rectitude (for example, in the form of lower interest-rates available in Great Britain) were also considerable.¹⁷

Thirdly, it is not clear to this observer that the military-spending “costs”, even when represented in absolute terms, show British taxpayers being asked to pay a crushingly larger total figure than their combined equivalents in, say, France, Germany and Russia. According to what is perhaps the most thoroughly researched set of long-run historical statistics, that of the “Correlates of War” print-out data compiled for the Inter-University Consortium for Political and Social Research at the University of Michigan, the military expenditures of the leading six Great Powers between 1850 and 1913 were as shown in the Table.¹⁸

Finally, there is the issue of *relative* as opposed to *absolute* burdens. It is true that the “cost per capita” in Britain for defence expenditures was higher than those of most of its European neighbours. But the considerably higher British standard of living puts the matter into a different perspective. Taylor’s figures of “Percentage of National Income Devoted to Armaments, 1914” bear reprinting here: Russia,

¹⁶ See P. M. Kennedy, *The Rise of the Anglo-German Antagonism, 1860-1914* (London and Boston, 1980), pp. 357-8; and the cryptic — but vital — remarks in the final paragraph of p. 144 of Davis and Huttenback, *Mammon and the Pursuit of Empire*.

¹⁷ This is best shown in B. Mallett, *British Budgets, 1887-88 to 1912-13* (London, 1913), Table 4, pp. 404-5.

¹⁸ Inter-University Consortium for Political and Social Research, University of Michigan, “Correlates of War” print-out data (annually updated).

TABLE
MILITARY EXPENDITURES OF THE GREAT POWERS 1850-1913
(IN POUNDS STERLING)

	Great Britain	United States	France	Germany	Russia	Austria-Hungary
1850	11	4	16	-	18	11
1860	25	7	25	4	18	10
1870	19	13	59*	42*	19	9
1880	21	11	32	19	24	10
1890	24	14	36	37	30	12
1900	119*	41	40	39	43	16
1910	61	55	55	60	58	23
1913	67	62	66	88	85	37

* Note: war years.

6.3 per cent; Austria-Hungary, 6.1 per cent; France, 4.8 per cent; Germany 4.6 per cent; Italy, 3.5 per cent; Great Britain, 3.4 per cent. Taylor's conclusion was that "Great Britain found it easiest to be a Great Power, Russia the most difficult".¹⁹ No doubt the pre-1914 spurt in the arms race on land had increased the burden upon the European taxpayers in precisely those years, nor that such exertions were not strictly related to "the costs . . . of imperialism"; yet it is worth noting that in the 1880s and 1890s — at the height of the colonial scramble — Wright (from whom Taylor derived the above figures) estimated that only 2.3 per cent of British national income was being devoted to the armed services.²⁰ If it was not exactly "empire on the cheap", it can hardly be portrayed as a crushing burden.

This brief commentary has not sought to challenge O'Brien's argument about the "benefits" of British imperialism, that is to say, that investing in or trading with the empire had distinct advantages over non-empire investment and commerce. But it has tried to raise queries about his assessment of the "costs", and on three grounds: that the "Cobdenite" position, had it ever been implemented in that anarchic, competitive world, would have brought its own problems and contradictions (and costs!); that it is probably impossible to disentangle the "British" from the "imperial" element in overall defence expenditures, but that whatever the latter consisted of, it was not a large proportion of the whole; and that, both in absolute and

¹⁹ A. J. P. Taylor, *The Struggle for Mastery in Europe, 1848-1918* (Oxford, 1954), p. xxix.

²⁰ Q. Wright, *A Study of War* (Chicago, 1942), pp. 670-1.

relative terms, the statistics suggest that the British taxpayer was probably not bearing a disproportionate burden — although the small island-state of Britain itself *was* enjoying a disproportionate share of global lands, raw materials, power and influence.

By the late 1930s, and even more by the 1950s, the Cobdenite critique was altogether more valid; but apart from that South African war which immediately provoked the writing of *Imperialism: A Study* (1902), one is bound to query whether Cobden's and Hobson's — and O'Brien's — argument about the “costs” of empire is as compelling as it appears at first sight.

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REPLY

Paul Kennedy's courteous and stimulating challenge to “The Costs and Benefits of British Imperialism, 1846-1914” raises specific criticisms and several methodological issues of general interest to both economic and political historians.

I will open with “The Jewel in the Crown” because, in response to my question, “why should an independent India have withdrawn from trade with the United Kingdom?”, Kennedy cites familiar Victorian predictions that without the raj India would have: relapsed into anarchy, fallen prey to other imperial powers and failed to generate the infrastructure of ports, railways and commercial institutions required for successful involvement in the international economy. After decades of research in Indian history is it necessary to accept such apologies for British rule? Before 1757 India was independent and, despite the decline of the Mogul empire, traded successfully with Holland, Austria, Denmark, France, as well as Britain. Competitive trade with Europe as a whole was forcibly eliminated by the East India Company and it took more than fifty years of parliamentary pressure to abolish that company's monopoly.¹

Arguably the raj unified the governance of India and created conditions for a large free-trade area on the subcontinent. But economic historians who contrast the “Rise of the West” or the “European

¹ I am indebted to my colleagues at St. Antony's, Tapan Raychaudhuri and Saranjan Das, for several helpful conversations and a bibliography on Indian history.