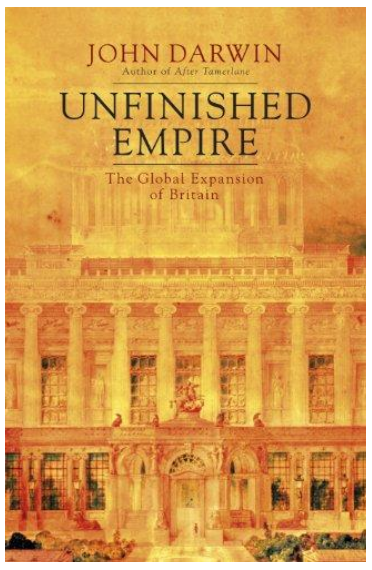

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Unfinished Empire: The Global Expansion of Britain

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37 Highlights | Geel (37)

Pagina 11

Highlight (Geel) | Pagina 11

> Some fifty years ago, two of the shrewdest historians of Europe's imperialisms, John Gallagher and Ronald Robinson, sketched out a 'road map' of Britain's route to world empire after 1815.9 At the heart of their argument lay two crucial assertions: that the British constantly sought the least effortful way of pursuing their interests in every part of the world, partly because of their system of government with its inbuilt constraint on public expenditure; and that this led them, wherever they could, to rely upon cooperation ('collaboration') with the local elites into whose backyards they strayed. The logic of collaboration was to find a working arrangement with which both sides could live. The British had no wish to inject more resources (of manpower and force) than they thought their interests required, while for the local elite calculated collaboration would limit the scale of intrusion, preserve the substance of power and might even yield benefits. The result was a complex historical pattern. For in some parts of the world, the British could secure an open door for their trade by an energetic diplomacy that left local sovereignty more or less intact: this was the Latin American model. In less cooperative regions, a more coercive approach was adopted: if the locals would not open the door, the lock would be forced and the door battered down. Between 1839 and 1842, the British applied this to China, demanding free entry to its markets, and blocking the Yangtze – China's main artery – with their steamers until Beijing gave way. Thereafter, with a fistful of 'treaty ports' (where foreign merchants were exempt from Chinese authority), a flotilla of gunboats and a grand harbour at Hong Kong (now a British possession), the British hoped to exploit the Chinese 'eldorado', but without the huge burden of imposing their rule. But sometimes it happened that armed intervention and the treaty port model could not guarantee the commercial regime that the British demanded. Or (often in places without commercial appeal) they wanted exclusive control over strategic locations overlooking the sea-lanes that tied their spheres of interests together. Here, they went the whole hog: British rule was imposed; local rulers deposed; a governor installed; the map coloured pink. Yet even here, where empire was 'formal', collaboration logic was followed. It was wise to seek out the local power-brokers and enlist their support because governing by coercion was clumsy and dangerous, and importing large numbers of Britons to man the bureaucracy a futile extravagance. As is well known, the British ruled India (population 250 millions) with an administrative cadre of under 1,000.

Pagina 12

Highlight (Geel) | Pagina 12

> The ‘empire of slavery’ was abolished by law in the early nineteenth century: the wealthy slave-owning interest was crushed by the weight of reforming opinion at home.10 The ‘empire of migrants’ – instinctively protectionist and truculently self-governing – had little in common with the wider ‘empire of free trade’ on which exports, employment and profits depended. Neither looked much like the ‘empire of Christ’ – the open sea of Christian faith – into which Britain’s Protestant missionaries hoped to draw the whole world. The ‘empire of coaling stations, bases and fortresses’ was different again. The quarrels and squabbles of these rival imperialists meant that no single imperial ideology ruled the Victorian roost: they also gave succour to subject peoples in search of friends in high places and held out the faint hope that one day freedom would come.

Pagina 20

Highlight (Geel) | Pagina 20

> No single vision of empire lay behind this expansion. But there was agreement on one thing: that the point of expansion was to make England richer. Merchants venturing to the Near East and India would discover new markets. Founding American colonies would create them. Exotic goods from the East could be resold at a profit to European customers. Refining raw produce that was grown in the colonies would increase employment at home, add to its value, provide a valuable export, and profit both merchants and shipping. Disagreement began over how best to achieve this roseate vista. The Levant and East India merchants (an overlapping group) insisted that without a monopoly the costs and risks of their trade would make it unprofitable. Those outside the circle denounced this self-serving claim, and challenged the Crown’s right to grant such a favour. A more damaging criticism, aimed at the East India Company, was that the imports it brought in could be purchased only by the export of bullion, and thus, it was argued, by decreasing the supply of money at home and with it demand. Private profit was made at the public expense. The most effective defence was to show that goods brought from India were re-exported to Europe, and that the mark-up on price was more than enough to cover the cost of the silver sent east to pay for it. By the late seventeenth century this entrepot doctrine had become well entrenched. Perhaps

Pagina 21

Highlight (Geel) | Pagina 21

At a moment of financial and military crisis for the post-Revolution regime in 1696, the Navigation Laws were reinforced. A stringent system (although laxly enforced) was imposed to ensure that the raw produce of the Caribbean and American colonies came first to Britain, and in British ships, whatever its ultimate market. Britain would grow wealthy and strong as the great entrepot of the Atlantic world.28 This 'entrepot imperialism' became the dominant view from the Glorious Revolution of 1688 until the great American crisis of the 1770s and 1780s. It masked a wide range of imperial assumptions as well as colonial dissent. It proclaimed, in effect, that the only empire worth having was one whose commodities were exported exclusively to Britain and were then re-exported for the profit of its merchants and the benefit of its revenues. It imposed a commercial straitjacket on colonial economies that was deeply resented as an infringement of freedom – by the Protestant Anglo-Irish as well as by planters in Barbados: 'Free Trade is the life of all colonies,' declared the Barbados governor rebelliously. 29 Its supporters at home longed to smash open Spain's American empire but were restrained by the need to show prudence in Europe. As a political doctrine, it combined formal recognition of the right to self-government by settlers and planters with the spasmodic assertion of the British Parliament's right to make their laws if it chose: a view fiercely resisted by colonial assemblies.

Pagina 26

Highlight (Geel) | Pagina 26

To a hard-pressed government in London, facing French domination of Europe, the Company's army and navy became a vital resource. Its strategic thinking became global and Anglo-Indian – a habit that persisted until after the Second World War. For middle-class (and especially Scottish middle-class) opinion, administrative service in India became a respectable career opportunity. Commercially, the realization that India's exports of opium to China would permit a colossal expansion of British trade in the East, now made it the pivot of what promised to be a zone of unparalleled promise. Ruling Indians directly and collecting the taxes that paid for that rule, had become an indispensable part of an emerging world-system that was managed from London.

Highlight (Geel) | Pagina 26

> They had acquired a new empire of conquest, above all in India, for which a new ideology of enlightened reform and disinterested trusteeship was being gradually fashioned. It was based on the claim that British control brought a 'rescue from chaos', and offered escape from superstition, predation and violence towards the sunlit uplands of order. Its most brilliant exponent was the politician-historian Thomas Macaulay, who served a term as India's highest legal official. With the start of the Company's rule, he proclaimed, 'commenced a great, a stupendous process – the reconstruction of a decomposed society' wrecked by 'all the evils of despotism and the evils of anarchy'.37 Its subtlest philosopher was the great liberal thinker John Stuart Mill, who defended Britain's despotism in India as the only sure means of its social and cultural improvement.38 In stagnant or regressive societies, so the argument ran, progress required the injection of external energy, free from the incubus of local inertia. Much the same arguments justified the imposition of authoritarian rule in the numerous 'little Indias' acquired after 1790. Representative government on the old Atlantic model was unsuited to peoples without freeborn English traditions; if it was granted to the (usually) tiny minority of whites, they would abuse it and cause trouble. Better by far to preserve executive power in the hands of officials who would be answerable to London.

Pagina 27

Highlight (Geel) | Pagina 27

> An empire of enlightened officialdom, conscientiously serving ignorant colonial masses, was an extraordinary idea to have arisen in Britain where (unlike in France or Germany) there was no established tradition of bureaucratic authority. It coincided with the rise of the utilitarian philosophy associated with Jeremy Bentham (1748–1832) which imagined the construction of an ideal society by the systematic application of the vital criterion: did a law or institution serve the greatest happiness of the greatest number. A corps of administrative experts, imbued with this principle, would be the agents of change. Bentham's influence could be seen in the spate of administrative reform in Early Victorian Britain. But it really took root in the 'civil service' founded in India after c. 1790.39 Here it was mixed with, and was often at odds with, an older quasi-military tradition of aristocratic paternalism, whose outlook was far more conservative and mistrustful of blueprints for change. Nevertheless, utilitarianism was imprinted on the official ideology of British-ruled India (the annual reports of its government were titled The Moral and Material Progress of India) for much of the century. It surmounted the challenge of rejection and failure by indigenous peoples (the clear implication of the great Indian revolt of 1857) by insisting that the timescale of change was now infinitely long, that the need for enlightened outsiders was more obvious than ever, and that local intransigence made 'robust' methods necessary.40 In its somewhat gloomier Late Victorian version, much of this imperialist credo survived into the era of decolonization in the 1950s and 1960s.

Pagina 28

Highlight (Geel) | Pagina 28

Instead, it was important to cherish the connection, to see settler societies as parts of a new 'Greater Britain'. 'In 1866 and 1867 I followed England round the world,' was how the radical politician Charles Dilke described his world tour.41 Settler societies, claimed the historian-publicist James Anthony Froude, recreated the lost yeoman virtues of a stable, agrarian England at a time when 'old England' was becoming raucous, industrial and decadent.42 In his hugely influential 1883 account of The Expansion of England (an enormous bestseller), John Robert Seeley, a Cambridge professor, portrayed the settlement countries as the natural extension of England. Twenty years later, Joseph Chamberlain launched his campaign for an imperial federation to hold them to Britain. Even those who rejected his political formula acknowledged that Greater Britain was Britain's real empire. Most Australians, New Zealanders and English-speaking Canadians and South Africans took the same view. But the empire they imagined was an empire of partners and equals, not of dependents and subjects. For many Victorians, however, it was the third kind of empire that served Britain best and returned the largest moral dividend. Its outline was sketched in Adam Smith's hymn to free trade, The Wealth of Nations (1776). In the 'empire of free trade' (not a term Smith used), rule was, or should be, redundant. Free commercial relations would allow the free passage of ideas. It was easy to think that complementary economies would become complementary cultures as well, and that the world's richest, most complex and most diversified culture would export its institutions and values alongside its manufactures. 'Not a bale of merchandise

Pagina 29

Highlight (Geel) | Pagina 29

The force of commercial and cultural attraction would make Britain the centre of a great cooperative commonwealth, promising peace and prosperity to the British at home and their partners abroad. By contrast, so free traders believed, the empire of rule, on display in India, was wasteful and violent, a saga of futile belligerence as an obsolete aristocracy clung on to power.44 It was a seductive prospectus and far from absurd. The idea of free trade was closely allied with the idea of free labour and the attack on the slave trade and slavery. It was the ideological spearhead of British 'soft power'. It encouraged the British to see themselves as liberators, opening up 'closed' societies, and freeing their peoples to become producers and consumers. It was the key justification behind the onslaught on China in the first Opium War in 1839–42. But as that conflict revealed, Richard Cobden's assumption that the ideal of free trade would win universal acceptance was too optimistic. To his political nemesis, Lord Palmerston, it was blindingly obvious that if free trade was resisted, the British should act to impose its acceptance in the interests of all – but especially themselves. 'It may be true in one sense,' he wrote with characteristic brio, 'that Trade ought not to be enforced by Cannon Balls, but on the other hand Trade cannot flourish without security, and that security may often be unattainable without the Protection of physical force.' 45 That the empire of rule subserved the great cause of free trade was hard to dispute. After all, it was empire that wedged India open as the largest market for Lancashire and its vast output of textiles. Up to 1914, British opinion still regarded free trade as the vital ingredient of British prosperity. By that time, however, it was widely accepted that free trade was under general attack and that it would be hard for the British to defend their huge stake in a world now all but divided between five Western powers and the cadet power of Japan. In Kipling's gloomy poem 'Recessional' (1897), a decaying Great Britain stared into the pit. A more sober pronouncement was that of Halford Mackinder, the influential geographer, half a dozen years later. The world had changed, said Mackinder. Command of the sea, which had made Britain great, was no longer the key to world power. Now it was railways that united vast spaces, resources and manpower. For the first time in history since the age of Columbus, the 'heartland' of Eurasia would be able to master the vast landmass of the world, and drive the sea power to the margins. 46 Russia's defeat by Japan in 1905 seemed to belie any imminent risk. But in 1918, when the German conquest of Russia briefly threatened a domination of Europe as complete as anything that Hitler was to strive for, Mackinder's vision of a British empire at the end of its tether became, for a few months, frighteningly real. That vision recurred, in an even more nightmarish form, in June 1940.

Pagina 32

Highlight (Geel) | Pagina 32

Even Hobson regarded Britain's settlement colonies as 'healthful expansions of nationality': their democratic institutions and egalitarian ethos were examples to follow. Cobdenites looked forward to universal free trade and expected representative government to emerge in its wake. British anti-imperialists expected that their nationalist friends would treat liberal Britain as their model and ally. For the critics of empire, like the most ardent imperialist, it was Britain's manifest destiny to lead from the centre, as the liberator, protector, transformer and (some said) evangelist of the world beyond Europe. Here was the grandest of imaginary empires, the one that lived longest and survived many defeats.

Pagina 46

Highlight (Geel) | Pagina 46

> By flooding the market with their imports, the colonists quickly lowered their value in the eyes of the Indians. They had 'glutted the savages with their commodities', complained Smith.22 And by allowing private trade, they denied the Powhatan chief the right to control distribution of the prestige goods they offered.23 The effect was to bring to a head the

Pagina 51

Highlight (Geel) | Pagina 51

> To make their way into this world, and snatch a profit from its trades, the English merchants had banded together into a common concern. For each eastern voyage, they raised an 'investment': to purchase the merchandise, and pay for the hire of the shipping they needed. Under its charter from the Crown in December 1600, their East India Company enjoyed a monopoly on the direct trade in goods between England and the East. To conduct their dealings on the spot, the directors in London dispatched 'supercargoes' and 'factors', to trade from the ship or from the factories or trading posts they meant to set up at any promising site. These men on the spot were soon forced to pick up a mass of new knowledge. They had to learn Asia's sea-lanes and its complex coastal geography, its seasons, currents and winds. To avoid giving offence, they must learn the court rituals and diplomatic procedure of those rulers whose favour they sought.

Pagina 53

Highlight (Geel) | Pagina 53

> By then, the growing power of the Dutch VOC had all but driven them out of the Indonesian archipelago; they clung on to a toehold on the west coast of Sumatra. Little by little, more by default than design, the Company fell back on India.43

Pagina 54

Highlight (Geel) | Pagina 54

> Company men and their ships combed India's coastline looking for markets and goods to exchange. In the 1640s they arrived in Bengal. By that time, however, the Coromandel coast, facing the Bay of Bengal, had become their main field of commercial activity: in Company parlance, this was 'the Coast' and 'the Bay'. They had set up a factory at its mercantile hub at Masulipatam by 1617. Then in 1639, seeking better terms from the ruler, they shifted their headquarters 200 miles further south, to Madraspatnam, soon shortened to Madras (and now called Chennai). From then until the late 1750s, when Clive set on foot the British conquest of Bengal, Fort St George at Madras was the Company's main stronghold on the Indian subcontinent.

Pagina 59

Highlight (Geel) | Pagina 59

> The remaking of Madras into a country power under British control, with an army, a revenue and diplomatic expertise, was the key precondition for the return to Bengal. The sequel was even more startling. Within less than ten years of Clive's scattering of the Nawab's army at Plassey (carefully preceded by the seduction of his chief men),63 the Company took control of the province's revenues. With this second grand bridgehead, the richest region of India fell into its hands. Forty years later, its men ruled in Delhi. The merchants' frontier, their precarious perch on the coast, had turned into an empire.

Pagina 66

Highlight (Geel) | Pagina 66

> Two centuries later, the Royal Niger Company, the Imperial British East African Company and Cecil Rhodes's British South Africa Company were the vehicles of a private imperialism dragging behind them with varying degrees of reluctance the government in London. New Zealand was the site of British colonization (by the New Zealand Company) before London's grudging annexation in 1840. What was to become Britain's grandest colony of all, the British Empire in India, began as the Company of Merchants … Trading into the East Indies. After 1757 and the sharp skirmish at Plassey in Bengal, the Company was abruptly transformed into a colonial state. But it was a century later, in 1858, and only after the catastrophe of the Great Rebellion in North India, the 'Indian Mutiny', that India ceased to be a Company Raj. Private empire-building had to be funded (if only at first) by wealthy backers in Britain. It was invariably speculative, a mixture of risk, which can be calculated, and uncertainty, which can not.7 The investors hoped for spectacular profits by surviving the risks and containing the uncertainties. They aimed to do this by cornering the market in some high-value commodity, or by acquiring land cheaply (perhaps even for nothing) and selling it on to the emigrants they recruited. There were other motives as well.

Pagina 72

Highlight (Geel) | Pagina 72

> Lastly, of course, governments did not invariably leave it to private imperialists to take the lead in expansion. Indeed, a substantial part of the empire was acquired directly by the state, including Jamaica (1655), New York (1664), much of Canada (1763), Eastern Australia (1770–88), Trinidad (1797), Cape Colony, Sri Lanka and Mauritius (1815), Hong Kong (1842) and Kenya (1895). A mixture of impulses was at work in these cases. Some of them might be seen as the booty of wars fought for quite different reasons.

Highlight (Geel) | Pagina 72

> With their advantage at sea, British governments were tempted to punish their enemies by seizing their colonies and disrupting their trade. The 'mercantilist' logic that we have noticed already implied that this would increase the national wealth. Even after 'free trade' had supplanted mercantilism as the ruling commercial ideology, a well-placed port such as Hong Kong helped to enforce an open economy on troublesome foreigners and their recalcitrant rulers. But as often as not, the prevailing concern was chiefly strategic. London decided that it must have Canada (and not sugar-rich Guadeloupe) because French control of Quebec and its riverine hinterland was too great a threat to British America. The same argument applied at the Cape, which

Pagina 73

Highlight (Geel) | Pagina 73

> guarded the sea-route to India and the East. Here it was fear that the Dutch would give it away to the colossus Napoleon (or a no less dangerous successor) that decided the British not to return it when peace finally came in 1815. By keeping Mauritius and Sri Lanka as well, they turned the Indian Ocean into a 'British lake' for more than a century. These were colonies by cession or conquest, not settlement. How to govern them, transforming possession into rule, became an immediate question.

Pagina 84

Highlight (Geel) | Pagina 84

> The Proclamation and Marshall's dicta set the scene for the white colonization of New Zealand. By the 1830s, Sydney-based merchants and missionaries had begun to buy land from Maori tribes and chiefs, and towards the end of the decade the London government was confronted with a major settlement scheme by the New Zealand Company. It invoked the new model. Private land purchase would not be recognized. Immigrant British could only purchase land previously bought by the government from Maori communities, i.e. not individuals. But the British rejected the relevance of one of Marshall's key findings. They would not claim New Zealand by right of discovery: the Maori did not live by the chase but were a civilized, cultivating, people. They were 'the owners and sovereigns of the soil'.44 The implications were huge. New Zealand became British not by discovery or conquest but by cession, in the treaty of Waitangi (in 1840). Maori were guaranteed 'full use and undisturbed possession' of their lands, forests and fisheries, as proprietors not occupants, although if they wished to sell it must be to the Crown.45 What happened in practice somewhat belied this ideal. Maori eager to sell, British eager to buy, mixed with some fraud, speculation and racial antagonism, triggered a series of wars and by the end of the century a native population seemingly doomed to die out retained only a fraction of its pre-treaty land.46 But as New Zealand's recent history has shown, the rules for possession laid down in 1840 turned out (perhaps surprisingly) to matter a great deal. They laid the foundation for an astonishing revival of Maori self-consciousness based on the rights that the treaty guaranteed and on which huge claims for compensation have been successfully made. Invoking the terms of Waitangi has remade modern New Zealand.

Pagina 85

Highlight (Geel) | Pagina 85

> The Afrikaner trekkers followed a similar practice: their commandos seized land by force, sharing it out among themselves, and turning the indigenous population into a servile labour force.49 Cecil Rhodes's chartered company, which occupied modern Zimbabwe in 1890, upheld this tradition. Vast tracts of land were distributed to the members of the 'pioneer column' and to the company's shareholders. When Ndebele resistance was broken after the war of 1893, legal doubts were extinguished by the claim that 'conquest' had conveyed to the Crown all rights over land (since conquest must always be in the Crown's name). The Crown's land commissioners confirmed the grants Rhodes had made,50 although the company was subsequently forced to increase the amount of land set aside for Africans. At much the same time, in the new East African Protectorate (modern Kenya), Maasai pastoralists were ejected from what became the White Highlands, a region scheduled for land grants to incoming white settlers. But it was the Australian case that was

Pagina 94

Highlight (Geel) | Pagina 94

> From the late eighteenth century, most influential British opinion converted to free trade. There was nothing new in the eagerness of the landed and commercial elite to make money quickly, nor in their willingness to try every possible method: the Elizabethan aristocracy had invested in piracy, colonization and exotic new trades, as well as mining and draining for land reclamation. But until the late eighteenth century, it was widely assumed that manufacture and farming in Britain should be protected against competition from abroad. In fact, it took more than seventy years before the programme spelt out in Adam Smith's The Wealth of Nations (1776) was implemented in full with free trade in corn (1846) and the end of the Navigation Laws (in 1851).

Highlight (Geel) | Pagina 151

> the mid nineteenth century, the great free trader Richard Cobden denounced British expansion in India as a plot to enrich a redundant aristocracy at the risk of world peace – the real guarantee of British prosperity.3 A similar cry was raised at the end of the century. The radical J. A. Hobson saw the growth of Britain's 'tropical' empire (in Africa, Southeast Asia and elsewhere) as a financiers' conspiracy. Cowed by a (corrupt) press and the 'jingo' attitudes it promoted in an ill-informed public, pliant governments in London had spent millions of taxpayers' money on annexing new regions the sole purpose of which was to yield windfall profits to financial interests in the City.4 Here, once again, the economics of empire were a fraud: the few made a profit while the many were cheated of both social reform (lost in the wave of patriotic emotion) and the genuine prosperity of peaceful free trade. How accurate or otherwise such criticisms were is beside the point. What they reflected was the widespread suspicion (not just among radicals) that empire and trade were not natural partners, and that the use of political power for commercial objectives was always the handiwork of well-connected insiders. This was bound to give rise to a further concern: that the profits of empire would allow favoured groups to increase their power or entrench it more deeply, shifting the social and political balance and remaking the moral and ideological climate in their image. The attack upon nabobs in the late eighteenth century grew out of the fear that those returning from India with huge ill-gotten gains and an oriental morality (by definition unchristian) would buy their way into the landed aristocracy and become the new ruling class. So-called 'West Indians' – absentee planters and merchants grown fat on the profits of sugar and slavery – evoked similar antipathy. J. A. Hobson's polemic (and those of other radical writers) exploited contemporary fears that a class of cosmopolitan plutocrats was now pulling the strings. The extraordinary wealth of Johannesburg's gold mines (and the profits to be made by speculation in gold shares) was the visible proof. It was easy to claim that South African 'Randlords' (Rhodes chief among them) and their friends in the City were behind the attack on the Boers, and the costly, humiliating and over-long war it provoked. It was a short step to argue that protectionism, conscription, an aggressive foreign policy and the apparatus of militarism would follow quickly behind, sealing the fate of democratic reform. Against the radical anti-imperialists were ranged those who insisted that dogmatic attachment to free trade (the ruling doctrine in Britain between c. 1850 and 1931) made Britain dangerously vulnerable to unforeseen shifts in the global economy. Indeed, much of the passion that informed the debate about empire and trade long before Adam Smith and long after his death sprang from awareness of how much the economic security of all social classes was tied to overseas commerce.

Pagina 155

Highlight (Geel) | Pagina 155

> But as all merchants knew, breaking into new markets and making profits in old ones really depended on the invisible factor in overseas trade. What gave them their edge (and Britain its edge over most trading nations) was the supply of cheap credit. Credit was the lubricant of all their transactions. It was the astonishing abundance of credit in London (as the banking system mobilized provincial savings after c. 1800 for use in the City) that made it so cheap and available. Long credit was vital for far-distant markets. It paid for goods to be shipped out and waited for the proceeds to be sent home or remitted in goods sold later in Britain – the whole transaction might take up to two years. Increasingly it allowed British merchants to make advances to farmers, planters, pastoralists, lumbermen, wild-rubber collectors and palm-oil growers whose incomes were seasonal and who supplied the vital returns. Credit was the magnet that drew this highly diverse group of producers into the network of trade and helped to swell its volume (globally by some twenty times over the long nineteenth century to 1913). But credit (or its failure) was also one of the riskiest parts of the merchant's business. A whole series of dangers threatened his profit – and even his solvency. He had to judge credit-worthiness in places where commercial information was absent or sparse: even at home the struggle for prompt payment – or any payment at all – took up much of his time.11 He had to deal in multiple currencies whose exchange value was uncertain and might fluctuate wildly. In 1860s Calcutta, the cowry shell was still current: 256 were worth a single rupee.12 In Burma, before 1852, no coins were used: transactions were paid for in gold, silver and lead, which had to be weighed and assayed.13 His creditors at home might fail in a crisis and drag him down with them. His own agents and partners might speculate unwisely (a constant temptation when prices were volatile), and destroy him without warning. In the long century of wars that ended in 1815, his most profitable ventures might end in disaster if his assets were seized by enemy action and his market suddenly closed – the fate of James Crisp, unlucky husband of the more famous Elizabeth.14 Even after 1815, more local disorders could threaten his business and even his life.

Pagina 162

Highlight (Geel) | Pagina 162

> More than anywhere else, the British West Indies seemed proof that commercial success and the wealth it brought depended on empire – the assertion of rule. The sugar plantations created large profits but they required a steady supply of credit and capital for their mills and machinery, to buy their slave labour, and cover their running costs from season to season. That meant close and regular contact between the planters and their agents in London (such as the ex-planter William Freeman who retired to the splendour of Fawley Court in the Thames valley)35 and between wealthy absentee owners and their men on the spot, sometimes, like Simon Taylor, a major planter in their own right.36 It meant having ready recourse to the English system of law, since a planter's success and his credit often turned on the outcome of disputes over property.

Highlight (Geel) | Pagina 164

> The larger implication of this was that the total amount of production that was available to trade could not grow very much, and that the overall size of the market (globally as well as in Britain) was fixed by what might be called environmental constraints. Even Adam Smith, who insisted that the division of labour, specialization and wide commercial freedom would allow efficiency gains and stimulate trade, acknowledged that sooner or later (he preferred to think later), every country would acquire 'that full complement of riches which the nature of its soil and climate, and its situation with respect to other countries, allowed it to acquire [and] could therefore advance no further', adding optimistically, 'perhaps no country has ever yet arrived at this degree of opulence'.42 If trade was a more or less fixed quantity (barring windfall additions from newly opened countries), one country's gain was another's loss. It made sense to keep as much as possible in the hands of its own merchants and shippers, using regulation where commercial incentives were lacking. Indeed, there was an obvious danger that without vigorous enforcement, even a temporary setback might prove lasting and fatal. This siege-like mentality was sustained by two further assumptions of exceptional force. The first stressed the dangers of an imbalance of trade. This was partly because an excess of imports was thought to mean the loss of employment at home, threatening impoverishment and social unrest. But it was also expected to lead to an outflow of bullion, to pay for the gap. The export of silver by the East India Company to pay for its import of luxury textiles from India (where British woollens sold poorly) had been highly controversial. A positive trade balance, by contrast, sucked bullion into the country. Later writers poked fun at the notion that bullion was true wealth as the 'bullionist' fallacy. But contemporaries understood that an outflow of bullion would reduce the amount of coin in circulation and were obsessed by this danger. If coin became scarce, its real value would rise, wages would shrink, employment would fall and domestic trade dwindle. These fears were even more acute in the colonies.43 In periods of crisis or war, a shortage of bullion became even more serious. In an age before 'war production' by industry was remotely conceivable, governments needed cash to buy foreign supplies, hire foreign mercenaries and subsidize allies. Hence trade that yielded an income of bullion was prized: one of the main aims of the trade treaty with Portugal was to earn its Brazilian gold.44 The second obsession concerned shipping as much as trade. Every English and British government since medieval times had stressed the importance of a large merchant fleet, partly to act as an auxiliary force against the threat of invasion, partly to act (in the popular phrase) as a 'nursery for seamen' – the experienced mariners who could be press-ganged in wartime. It was partly on these grounds that London had blocked Newfoundland's development as a settlement colony, arguing that the cod fisheries (in which up to a third of British shipping was employed) must remain a deep sea not a coastal activity.

Pagina 167

Highlight (Geel) | Pagina 167

> Behind these great changes was a merchants' revolt. The world war of 1793–1815 had demolished the empires of Britain's main rivals and opened the markets of previously closed colonies. After 1815, British merchants traded more widely and freely than ever before. The lobby against the protection of imperial trade (goods imported into Britain from one of its colonies) and against the high level of duties that kept all prices up, grew louder and louder. After 1815, it was much harder to claim that British safety and prosperity depended on special treatment for the colony trade and the close regulation of shipping and crews. A much greater danger to Britain's stability in the postwar depression was the high price of food, causing mass discontent, reducing consumption and therefore employment, and throwing large numbers on the overstrained system of 'poor relief'. Leading figures in government accepted much of the logic of free trade but faced a solid phalanx of protectionism.47 Free traders denounced the so-called 'corn laws' (preventing the import of wheat until the price rose to a high level) as an abuse of power by the landed aristocracy (the politically dominant class) that stood to gain most. Worse still, restricting the import of cheap food was seen as a double imposition on the fast-growing manufacturing interest: it prevented manufacturers from reducing their costs by lowering wages in line with food prices, and discouraged potential foreign customers, who might sell grain in return, from buying British goods. The great champion of this view was the economist David Ricardo, the inventor of 'comparative advantage'.48 It was wisest, said Ricardo, to buy what you needed from those who made it most cheaply, and concentrate your resources of labour and capital on what you did best. That would maximize trade and also 'utility' – meaning enjoyment and welfare.

Pagina 168

Highlight (Geel) | Pagina 168

> But it was the catastrophe of famine in Ireland in 1845 that destroyed the old guard, broke the back of protection, swept the corn laws away and opened the road to the almost complete abolition of commercial restrictions in the 1850s. That this coincided (fortuitously) with the great expansion of world trade was the proof to most British opinion that free trade was the secret of British prosperity.

Pagina 170

Highlight (Geel) | Pagina 170

> In our third case, Canada, empire was much more important. As the disjointed remains of Britain's American empire, British North America depended on the imperial connection. The merchants who created its separate northern economy (mostly Scottish-born or of Scottish descent) needed Britain's help to escape commercial annexation (or straightforward conquest) by their wealthier neighbour to the south. They enjoyed imperial preference in the British market for their timber and grain – until the British adopted free trade. Because London worried about reinforcing its garrison if the Americans attacked (a recurrent fear until the late 1860s), it was willing to guarantee the investment in an inter-regional railway, priming the pump for the railway spine that helped to make Canada an economic as well as a political reality after confederation was agreed in 1867–73.56 London also held the keys to the vast hinterland to which merchants in Montreal – the local metropolis – looked for economic salvation: the huge and (largely) empty North West beyond the Great Lakes.57 Until 1869, this was the domain of the Hudson's Bay Company whose charter from the British Crown went back to 1660, and whose claims successive British governments had defended against American pressure.58 It was the knock-down sale of this colossal inheritance and the addition of the separate British colony of British Columbia that turned Canada into a true transcontinental dominion after 1867.

Pagina 171

Highlight (Geel) | Pagina 171

> They understood very well that its fate was bound up with Canada's place in the empire, Canadian loyalty to the Crown (against American republicanism) and the flow of British migrants and capital to fill up its spaces. It was hardly surprising that deep into the interwar years, the business elite of Montreal asserted its Britishness and remained vociferously loyal to 'British connection' – the pole of its universe.60

Pagina 184

Highlight (Geel) | Pagina 184

> The City could dangle another powerful inducement. If the 'developing' economies of the world beyond Europe were thirsty for credit they were also hungry for capital to build the infrastructure that would bring their products to market. By 1913 perhaps half the world's total of foreign investment had been raised in London. Whether constructing a railway, sinking a mine, or laying out a plantation, the first step was to write the prospectus for a share issue in London. With a fair wind (and a favourable puff in London's not over-scrupulous financial press), the shares could be launched on the Stock Exchange and business would begin. With so many unknowns and so little hard information (one favoured tactic was to recruit 'guinea pig' peers on to the board of directors to create the illusion of solidity), cautious investors preferred familiar technologies and 'hard' convertible, gold-backed currencies. Going off gold, or not getting on it, threatened an investment famine just when new capital promised the richest rewards for the borrowing country. The assurance of gold helped to persuade British investors to keep more than a third of Britain's total assets abroad – an astonishing figure.80

Pagina 203

Highlight (Geel) | Pagina 203

> An ideology of 'liberal imperialism' sprang up to rebut these jeremiads. Its inventors included the politician-historian T. B. (later Lord) Macaulay and the philosopher of Victorian liberalism, John Stuart Mill. Both took the Company's shilling: Macaulay as Law Member of the government of India in Calcutta, Mill as a bureaucrat in the Company's London headquarters at India House in the City. In a famous speech in 1833 and his two widely read essays on Clive and Warren Hastings, Macaulay rejected Burke's orientalist nightmare. The conquest of India became a heroic endeavour where British valour and virtue had triumphed. British rule was a rescue mission since under the Mughals Indian 'society was a chaos'. Far from engaging in an orgy of plunder, the Company had begun 'the reconstruction of a decomposed body'.23 Macaulay's grand theme of order and progress was taken up by Mill in his Representative Government (1861). Representative government, argued Mill, was a means not an end. Its premature extension to India would wreck its ultimate aim: progress and good government. Enlightened British rule, not a hasty abdication, was the liberal's true path. The shock of the Mutiny added weight to the claim that the liberal mission in India must be defended by force if need be.24 In fact, the post-Mutiny charter of

Pagina 307

Highlight (Geel) | Pagina 307

> This bizarre configuration was not without benefits. But it raised many issues. One of the most crucial, a source of constant debate, was Britain's connection with Europe. It was a plausible view that involvement in Europe, the cockpit of dynastic intrigue and, by the late nineteenth century, of competitive militarisms, was a deadly distraction from Britain's true destiny. The open sea and the outer world were where her real interests lay: they yielded the biggest returns and imposed the least cost. Here Britain's advantage in sea power, already apparent by 1700, could be exploited to pillage her rivals' possessions, while protecting the Home Islands against any chance of invasion. This (in the eighteenth century) was the 'American' or 'Blue Water' strategy.5 It remained deeply attractive into the late 1930s when fear of a second Great War made Europe's internecine conflicts an object of loathing. To waste Britain's strength defending an indefensible peace treaty seemed the 'midsummer of madness', not least to the leaders of the white dominions, Canada, Australia, New Zealand and South Africa. The veteran imperialist Leopold Amery, later a member of Churchill's War Cabinet, even hoped for a German Mitteleuropa that would leave the British Empire alone.6 But this strategy contained, so its critics insisted, a fatal misjudgement. A blue water strategy assumed that, if it came to a crisis, Britain could stand against any combination of foes. Although this had sometimes been possible, it came at a very high price. One difficulty was that it required a huge navy, not just one bigger than that of any likely opponent, but larger than those of any combination of foes. But a much greater danger loomed in the shadows. From the time of Elizabeth, British leaders had always been mindful that Europe's volatile politics might destroy the balance of power between its quarrelsome rulers. If one of Europe's great powers were to win the struggle for mastery and defeat the others, it would command the resources of the whole of the mainland: its armies and navies as well as its trade, treasure, industries, shipping and manpower. It would control the Baltic and also the Mediterranean. It could wreck British commerce (for which the European market was vital). Above all, it would soon have the means to threaten invasion and perhaps to carry it out.

Pagina 313

Highlight (Geel) | Pagina 313

> The second was the danger that an empire strung round the world might be overwhelmed by a great concentration of power on the 'super-continent' of Eurasia, perhaps by one superpower, perhaps by an alliance. This was the peril, most brilliantly spelt out by Halford Mackinder in 1904, which haunted the policymakers.15 The British had to decide how far they could diminish this threat by a 'forward movement' in Asia – and made a dramatic and fateful decision in March 1918 (as we will see in a moment). Thirdly, in ways that were glimpsed only dimly before 1930, what made their world empire strategically viable at bearable cost was a world-historical accident. It was the unique combination of a real European balance of power after 1815 and the weakness of East Asia that created the space for Britain's global imperialism. When those conditions broke down, as they threatened to do by the mid 1930s, it was an open question whether the 'great liner' (Churchill's colourful phrase) could survive at all.

Pagina 355

Highlight (Geel) | Pagina 355

> Indeed, far from treating the Commonwealth as the dignified relic of an obsolete empire, the Labour government of 1945–51 was determined to make it a dynamic new vehicle for British world influence. Free from the authoritarian, acquisitive and exploitative traditions of the old version of empire, it would make the British connection voluntary, democratic and mutually beneficial. Oppressed as they were by their burdens of debt and defence, British leaders (and British opinion more generally) retained what in hindsight seems a grandiose vision of their future and destiny. 'More stress should be laid,' Ernest Bevin told his colleagues, 'on the need to build up a Commonwealth defence system which together with Western Union, would result in a bloc equivalent in strength to the United States or the Soviet Union.'24 'If it is our aim,' wrote the Cabinet Secretary in March 1948, 'to achieve the leadership of a Western Union sufficiently powerful to be independent of both the Soviet and American blocs, we must be at the heart of a Commonwealth of nations that is as large and powerful as we can make it.'25 Britain must be both the guardian of Europe and a global great power; the two were inseparable. Underlying this aim were two no less powerful assumptions, the product perhaps of attitudes formed before 1914.26 The first was belief that sooner or later Britain would recover its pre-1939 role as the world's greatest trader, investor and ship-owning power, reinforced by recent scientific achievements in atomic energy and aerospace. The premium value now placed on the food, raw materials and strategic minerals produced in its colonies would be an added advantage in a world afflicted by shortages. The second, made explicit in Bevin's formulation, was that the British would not be content to follow in America's shadow. Once they had rebuilt their strength, and weathered the storms of the aftermath, they would reclaim their place as one of the three great powers of the world, equal in status and power to the new 'superpowers', and with a vast and valuable sphere to set against theirs. But, as it turned out, the course of economic and geopolitical change turned these hopes into ashes in little more than a decade.

Pagina 361

Highlight (Geel) | Pagina 361

> Eden was neither a warmonger nor an old-fashioned imperialist ready to die in a ditch. Before the Second World War, he had been an ardent internationalist, a champion of 'collective security' and the League of Nations. At the Geneva Conference in 1954, he had refused to back the American threat of war against China and favoured instead Vietnam's peaceful partition. In the same year, he faced down Churchill's opposition to force through the Suez Agreement that (ironically) had brought the withdrawal of all British troops from the Canal Zone in mid 1956. His aim was to end a commitment of limited military value and ease relations with Cairo. But Eden had no intention at all of giving up Britain' s role as the Middle East's regional hegemon, and for a very good reason. He saw it, as had Bevin before him, as the greatest geostrategic asset still in Britain's hands. Quite apart from its value as a barrier to Soviet expansion, or its oil, Britain's Middle Eastern imperium was what allowed London to claim co-leadership of the Western Alliance, to resist what it saw as Washington's ill-thought-out policies (as in Vietnam), and to keep open the chance that, when the world settled down, Britain could resume its old role as an independent world power.

Pagina 396

Highlight (Geel) | Pagina 396

> Free trade was the ideology of this great outward movement. The British quickly forgot that their own rise to world power before 1815 had relied upon a heavy dose of protection. Free trade, they insisted, was good for everyone and not just for them. By opening their empire to the trade of all nations, the British assumed that they had made it acceptable to the rest of the world. Up to a point that was true: it may have helped to discourage the formation of grand coalitions against them. But this ignored the extent to which free trade was dependent on the application of British power. 'Did Lancashire realize that it was by force that the free import of cottons was imposed on India?' asked Halford Mackinder, a vehement protectionist, in 1919. 'Both Free Trade of the laissez faire type and Protection of the predatory type are policies of Empire and both make for War.'2 The British had used sea power to make a free-trading world empire. Germany had built its own high seas fleet to create a protectionist one. A collision was inevitable, said Mackinder – with some advantage from hindsight.
