

---

John Hobson, Thorstein Veblen and the Phenomenon of Imperialism: Finance Capital, Patriotism and War

Author(s): Stephen Edgell and Jules Townshend

Source: *The American Journal of Economics and Sociology*, Oct., 1992, Vol. 51, No. 4 (Oct., 1992), pp. 401-420

Published by: American Journal of Economics and Sociology, Inc.

Stable URL: <https://www.jstor.org/stable/3487449>

---

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact [support@jstor.org](mailto:support@jstor.org).

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at <https://about.jstor.org/terms>



is collaborating with JSTOR to digitize, preserve and extend access to *The American Journal of Economics and Sociology*

JSTOR

# John Hobson, Thorstein Veblen and the Phenomenon of Imperialism:

## *Finance Capital, Patriotism and War*

By STEPHEN EDGELL *and* JULES TOWNSHEND\*

ABSTRACT. Although *Hobson* (1858–1940) and *Veblen* (1857–1929) both wrote extensively on *imperialism*, a systematic comparison of their views has yet to be undertaken. This is corrected with reference to three issues: their respective condemnation and explanation of, and remedy for, imperialism. The contexts in which they wrote is outlined and it is shown that on the basis of a shared definition of *imperialism*: (1) they both condemned imperialism on economic and political grounds, although Veblen's hostility was arguably the greater; (2) they both advanced dualistic explanations of imperialism, but whereas Hobson developed more fully and emphasized economic rather than *ideological forces*, the reverse was the case for Veblen; and (3) they agreed that modern imperialism could be remedied by the establishment of an international system of *law and order*. Veblen, however, was far less confident that this would solve totally the problem of imperialism and hence argued for the abolition of both *capitalism and patriotism*. The convergencies and divergencies in their analyses of imperialism may reflect the British liberal and American *radical traditions* that the politically involved Hobson and the iconoclast Veblen, respectively, operated within. There is a lesson for our time in their views.

### I

#### Introduction

JOHN HOBSON (1858–1940) and Thorstein Veblen (1857–1929) were personal acquaintances as well as admirers and critics of each other's works.<sup>1</sup> They both wrote extensively on the phenomenon of imperialism. However, whilst Hobson's name is synonymous with the idea of imperialism,<sup>2</sup> Veblen's is not. It is more readily associated with the concept conspicuous consumption.<sup>3</sup> Their theories of imperialism, especially Hobson's, have been compared to other theories, notably with Lenin's theory of imperialism, and even Veblen's less widely ac-

\* [Stephen Edgell, Ph.D., is reader in sociology, University of Salford, Salford, M5 4WT, England; Jules Townshend, Ph.D., is senior lecturer in social science, Manchester Polytechnic, Manchester, M15 6BR, England.] Thanks for helpful comments are due to Rick Tilman and two anonymous referees. An earlier version of this article was presented at the Western Social Science Association conference, Reno, NV in April 1991.

claimed theory has been subjected to comparative assessment, for example, with Schumpeter's.<sup>4</sup> But a systematic comparison of Hobson and Veblen's ideas on imperialism has yet to be undertaken. The purpose of this paper is to correct this omission, at a time when the relevance of their analyses could not be more apparent to the reader in the light of the Gulf conflict in 1991. It will be structured around three questions. First, on what grounds did they condemn imperialism? Second, how did they explain imperialism? And, third, what remedies did they offer? The concluding section will focus on the convergences and divergences in Hobson and Veblen's respective approaches to the 'classic' phase of imperialism from 1870 to 1918.

## II

### **Hobson on Imperialism: Context**

THE ESSENCE of Hobson's answers to these questions can be found in *Imperialism: A Study*, (*IMP*) published in 1902. Although Hobson wrote much subsequently on international affairs, in the main he merely refined, elaborated or made more coherent positions adumbrated in this seminal (or fecund!) work. Hobson's political purpose or 'politics' of imperialism must be understood in order to appreciate fully the significance of his analysis.<sup>5</sup>

He self-consciously attempted to unite theory with political practice. *IMP* was written against the background of the Boer War (1899–1902), which wrought havoc within the ranks of the British Liberal Party. It brought the differences between the imperialists and the 'Little Englanders' to a climax. Hobson believed that the Party was on the verge of collapse, especially after its catastrophic showing in the so called 'Khaki' elections in October 1900. In 1901 he joined the widespread debate on the left, both inside and outside the Party, on the question of political realignment. He publicly explored the possibility of bringing a new party into being, based upon a platform of anti-imperialism and social reform, and consisting of trade unionists, moderate socialists, plus middle class progressives, such as himself. *IMP* sought to show that anti-imperialists and social reformers of whatever class or 'fad' had a common cause in the abolition of the 'unproductive' surplus that was ultimately responsible for the ills of poverty, unemployment, and imperialism.

In advocating this political strategy, he also wished to demonstrate to a wider public that the 'social' imperialist solution to Britain's economic and social problems was fallacious. Both the Liberal Unionists and the Liberal Imperialists held that economic prosperity, social reform and imperialism were interdependent. More specifically, whilst they differed over the question of free trade, or Tariff Reform as it became known, the Liberal Unionists and Imperialists agreed

that a strong and growing empire was vital to Britain's economic future, and hence the capacity to finance social improvement. In turn, social reform, by generating social cohesion and a healthy and educated population, enhanced Britain's 'national' and 'social' efficiency, and therefore ability to remain a major imperial power.

IMP aimed to show that the social imperialist formula was undesirable and unworkable. This entailed, first, an attack on the ideological legitimization of imperialism and its practice, and, second, an analysis of its causes and cures. As with his writings on economic and social reform, Hobson took into account new 'facts', especially the existence of large European empires with their attendant 'burdens', and new ideas that led him to either revise or embellish certain aspects of the liberal tradition. In condemning, explaining and remedying imperialism Hobson attempted to synthesise Cobdenite liberalism with his organic perspective and theory of underconsumption.<sup>6</sup>

### III

#### **Hobson's Condemnation of Imperialism**

DESPITE HIS REPUTATION as an anti-imperialist, Hobson did not condemn all forms of imperialism. Thus, he distinguished between "sane" and "legitimate" imperialism on the one hand, and "insane" and "aggressive" imperialism on the other.<sup>7</sup> The types of imperialism that Hobson singled out for hostile treatment were manifestations of what he called the "New Imperialism", a global phenomenon that dated from around 1870.

He characterized the New Imperialism as consisting of a) competing empires, rather than all-embracing single empires of the past,<sup>8</sup> b) the dominance of financial or investment capital over mercantile interests,<sup>9</sup> and c) the absorption of new territories populated by culturally unassimilable peoples for whom self-government was not intended by the imperial powers.<sup>10</sup> This contrasted sharply with the previous colonialism, which he regarded as legitimate, because it constituted a "natural outflow of nationality" to sparsely populated areas and was marked by the evolution of self-governing institutions.<sup>11</sup>

Along with many other so-called "Little Englanders" who opposed the Boer War, Hobson relied heavily on Cobden's arguments which concentrated on the impact of imperialism upon the imperialist powers themselves.<sup>12</sup> Hobson followed Cobden closely in this 'imperialism-does-not-pay' formulation:

the new imperialism . . . consumes to an illimitable extent the financial resources of a nation by military preparation . . . burdening posterity with heavy loads of debt. Absorbing the public money, time, interest and energy on costly and unprofitable work of territorial aggrandisement, it thus wastes those energies of public life in the governing classes and the nations which are needed for internal reforms and for the cultivation of the arts of material

and intellectual progress at home. Finally the spirit, the policy and the methods of imperialism are hostile to the institutions of popular self-government, favouring forms of political tyranny and social authority which are the deadly enemies of effective liberty and equality.<sup>13</sup>

Hobson elaborated upon the last point by demonstrating the incompatibility of imperialism and democracy in Britain. The growth of the military was harmful to democratic citizenship. Good soldiers do not make good citizens because they were not encouraged to develop moral sensibilities and socially responsible attitudes.<sup>14</sup> The empire also spawned a new stratum of colonial administrators imbued with an autocratic spirit, adding to the weight of reaction when they returned from imperial outposts.<sup>15</sup> Indeed, the “burdens” of empire and the international conflicts engendered by imperial questions had produced a large and highly centralized bureaucracy that, along with the Cabinet, was not subject to proper parliamentary control. This loss of parliamentary efficacy was matched by a decline in the party system. It had previously flourished on the basis of party divisions arising from differences on domestic issues. Now that imperial problems predominated on the parliamentary agenda, such conflicts were supplanted by an unhealthy consensus.<sup>16</sup>

Hobson also echoed Cobden in stressing the costs of colonialization. And moving away from an earlier protectionist position,<sup>17</sup> he upheld the principle of free trade, arguing in opposition to the imperialists, that trade did not follow the flag.<sup>18</sup> Yet, in keeping with his underconsumptionism, he departed from the spirit of free trade. He asserted that foreign trade was diminishing in relation to Britain’s total industrial activity and that dependence on it could be reduced further if income was more equitably distributed.<sup>19</sup>

He added one final Cobdenite cost, the possibility of retribution. His case though was not in the theological terms of Cobden, but of biology, derived from his organic perspective. Imperialism was akin to parasitism, and parasites inevitably decayed in nature.<sup>20</sup> Indeed, this argument was an “organically” modified version of Ruskin’s biblically derived remonstrance against parasitism: “Whosoever will not work, neither *can* he eat.”<sup>21</sup>

Hobson borrowed one further critical argument from Ruskin in condemning imperialism. Drawing a qualitative inference from Ruskin’s saying ‘There is no wealth but life’, he attacked the modern obsession with quantitative, as opposed to qualitative, values as expressed not only in economic theory, but also, implicitly, in the justification of imperialism.

In addition to his focus on the effects of imperialism upon the imperialists, Hobson criticized vehemently the way in which the imperial nations treated the ‘lower races’ of Africa and the sub-tropics. He denounced passionately the imperialist claim that it was a civilizing force. It was blatant hypocrisy.<sup>22</sup> What occurred in reality was ‘insane’ imperialism, ‘which hands over the races to the

exploitation of white colonists who will use them as “live tools” and their lands as repositories of mining or other profitable treasure’.<sup>23</sup> Hobson documented a large number of imperial practices which drove these races from their lands and forced them to work for the white man.<sup>24</sup> The claim that the West was civilizing the populations of India and China was even more specious. These peoples possessed cultures that were as sophisticated as those in the West. They just happened to be different.<sup>25</sup>

## IV

**Hobson's Explanation of Imperialism**

HOBSON, in getting to grips with the origins of the New Imperialism, once again relied in part on Cobden, who in his conspiracy theory of “sinister interests,” had singled out the landed aristocracy and the suppliers to the armed forces as the beneficiaries and, therefore, as the proponents of aggressive international posturing. This *cui bono* explanation figured prominently in *IMP*.<sup>26</sup> But Hobson, in the light of his interpretation of the Boer War (which he thought was caused by finance capitalists), and as a result of his observation that modern capitalism was evolving towards monopoly, changed the central *dramatis personae*: plutocrats were substituted for aristocrats, who thus were left with the occasional walk-on part.<sup>27</sup>

He combined this explanation with his more distinctive and famed underconsumptionist account of the genesis of modern imperialism. Lack of domestic demand for current production created surplus capital that sought outlets abroad. Two points can be made about Hobson's key hypothesis. First, he did not develop the surplus capital theory of imperialism. Businessmen in the 1880s employed it to justify imperialism.<sup>28</sup> His originality lay rather in his account for this glut of capital. Second, his underconsumptionist explanation was somewhat detached from his conspiracy theory in *IMP*, probably due to the fact that this work consisted of a compilation of loosely connected magazine articles. These two explanations he later synthesised in the 1906 revised edition of *The Evolution of Modern Capitalism*.<sup>29</sup>

An important issue that Hobson had to address, as a consequence of his conspiracy theory, was that, if so few people actually benefitted from imperialism, why did it find favor with wide sections of the British population? He explained it as a form of “social pathology.”<sup>30</sup> In *The Psychology of Jingoism* and *IMP* he relied heavily if not uncritically on Le Bon's *The Crowd*. Hobson saw the “mob mind” of jingoism as the product of certain urban industrial trends: notably, mechanical and uniform work operations, overcrowding, and superficial and homogeneous leisure pursuits which destroyed the capacity for independent

rational thought among the masses.<sup>31</sup> The music hall, and particularly the “yellow press,” much of which was controlled by finance capitalists, inflamed atavistic territorial and combative instincts, which instincts, whilst necessary for physical survival in the past, were now redundant because of evolution. The growth of passive spectator sports reinforced this process according to Hobson.<sup>32</sup>

This outburst of jingoist irrationality entailed the debasement of thought and language. Hobson was strikingly modern in the way in which he analysed imperialist “ideology.” Although he did not use the term in *IMP*, it has become the common coin of intellectual exchange. He postulated that the connection between self-interest and the justification of imperialism was obscure even to the beneficiaries themselves, save for the finance capitalists. The ideological defence of imperialism was the result of self-deception.<sup>33</sup> People blinded themselves as to what was really happening to the subject races, as a consequence of Britain’s imperial domination, through inconsistent thinking and “masked words” (Ruskin’s phrase). These races were not ruled as a “trust for civilization.” White colonists exploited them and irresponsibly extracted natural resources from their lands.<sup>34</sup> Hobson also observed how the ‘educated classes’ had become imbued with imperialist ideology:

The church, the press, the schools and colleges, the political machine, the four chief instruments of popular education are accommodated to [imperialism’s] service.<sup>35</sup>

After *IMP* Hobson attached most significance to subjective, psychological factors in explaining imperialism, possibly as a concession to Angell’s critique of his position. For example, in *Democracy After the War*, he argued that the “will to power,” *i.e.*, the desire for military, political or economic domination, was an important impulse.<sup>36</sup> Nevertheless, Hobson doggedly held fast to the explanatory primacy of economic forces, which he thought determined the “concrete application” of power politics, or represented in the final analysis the “dominant directive motive.”<sup>37</sup>

## v

### **Hobson’s Remedy for Imperialism**

Hobson’s alternative to imperialism, in the long term, was a world polity of independent, democratic self-governing states, based upon free trade and minimal intergovernmental relations, a model strongly advocated by Cobden. In political terms, “genuine democracy” was the key solution to imperialism, by taking control of foreign policy out of the hands of the vested interests and making it accountable to the people, whose real interests lay in peaceful relations with other peoples.<sup>38</sup> In reflecting on the origins of the First World War, he saw the need for thoroughgoing democracy as urgent in both democracies and au-

tocracies. In unreformed states, ruling classes were always able to use the state to defend their property.<sup>39</sup> Such democratic changes, however, had to be supplemented by a self-denying ordinance among those who invested overseas. They should not be able to expect that they could call upon the state to protect “their persons and property from injuries and dangers incurred on their private initiative.”<sup>40</sup>

Economically, Hobson proposed to destroy the “economic taproot” of imperialism by allowing higher wages and social reform to consume the “unproductive” surplus. This would expand the domestic market and reduce the need for foreign outlets for commodities and capital.<sup>41</sup> These socio-economic reforms were justified by Hobson, not only in narrow economic terms, but also with reference to his wider organic evolutionary theory that he used to attack the Social Darwinist defense of imperialism. Such reforms would be an expression of moral and intellectual development. They would demonstrate that international competition had progressed from the physical survival of the fittest to cultural conflict, the true test of “social efficiency.” Thus, in proffering his own brand of evolutionary positivism Hobson stated:

Biology demands as a condition of world-progress that the struggle of nations or races continue; but as the world grows more rational it will in similar fashion rationalize the rules of that ring, imposing a fairer test of forms of national fitness.<sup>42</sup>

Hence Hobson not only accepted the fundamental Social Darwinist belief in the virtue of competition, he also endorsed the need to create better human “stock.” To achieve this he advocated eugenics, which he suggested should be applied on an international scale.<sup>43</sup>

Hobson’s organicism also featured in his justification for the reform of relations between the imperial states and the “lower races” who were not immediately destined for self-government. More specifically, he proposed a form of trusteeship—his “sane” or “legitimate” imperialism—by an “organized representation of civilized humanity,” a kind of international welfare state. In support of this form of intervention Hobson maintained that just as the organic analogy could be used to stress individual interdependence within a collective whole in opposition to *laissez-faire* in the domestic realm, so too on an international scale: “There can no more be absolute nationalism in the society of nations than absolute individualism in the single nation.”<sup>44</sup>

Hobson advanced three further arguments in favor of intervention. First, the “lower races” needed protection from “private adventurers, slavers, piratical traders, treasure hunters, [and] concession mongers.”<sup>45</sup> Second, without some form of organized international intervention these populations would be open to manipulation by “native or imported rulers.”<sup>46</sup> Third, Hobson justified this



“sane” imperialism on the grounds of cultural superiority; in other words, it would enhance “self-development” of the “low-typed unprogressive races.”<sup>47</sup>

However, Hobson qualified his argument by rejecting any idea that India or China should be administered by an “organized representation of civilized humanity.” Here he invoked, in a rather selective manner, the principle of cultural relativism. He challenged the assumption that civilizations “are at root one and the same, that they have a common nature and common soil.”<sup>48</sup> Yet earlier he had argued that “if civilization is multi-form, we cannot say that one civilization is better than another, only that it is different.”<sup>49</sup>

During the First World War Hobson attached even greater significance to the creation of an “organized representation of civilized humanity.” Under the aegis of an international government it would help create worldwide conditions for greater equality of opportunity, thereby helping to undermine the forces of imperialism and protectionism in the advanced capitalist powers.<sup>50</sup> The War also induced him to work out a plan for international arbitration, already suggested in *IMP*, building it into a system of international government. He argued that, just as antagonisms within capitalist nations could be overcome by state action overriding the sovereignty of the individual, similarly at the international level a supra-national body could override national sovereignty and enforce collective rules and decisions by the use of military or economic sanctions.<sup>51</sup>

## VI

### Veblen on Imperialism: Context

VEBLEN'S INTEREST IN IMPERIALISM was an enduring one. He saw imperialism as an expression of predatory culture and referred to it as such in all his works, including his first and last.<sup>52</sup> However, Veblen's most complete statement on imperialism can be found in *An Inquiry Into the Nature of Peace and the Terms of Its Perpetuation (INP)* which was published in 1917 against the backdrop of the First World War (1914–1918).<sup>53</sup> In order to appreciate fully the significance of his analysis, the wider and unifying theoretical context of his evolutionary model of change must be understood.<sup>54</sup>

Veblen distinguished between two clusters of instincts, habits and institutions that he labelled workmanship and predation. The former was concerned with the satisfaction of the need for sustenance, affection and creativity on the basis of peaceable cooperation. Predation, on the other hand, involved self-regarding, aggression and a competitive pecuniary orientation, which were associated with exploit and war. According to Veblen, the historical relationship between these two types of cultures was antagonistic and resulted in one or the other prevailing during any one evolutionary stage as the primary basis for emulation. In the

most recent era, industrial capitalism, predatory culture at the individual, institutional and societal levels was dominant. Thus for Veblen, imperialism was predation on an international scale in that it was rooted in economic self-interest and involved aggressive exploit.

Veblen's preference for the non-invidious or other-regarding peaceable "workmanship" type in contrast to the invidious or self-regarding predatory type, was readily apparent from the outset. This notwithstanding his claim that he was using terms, such as waste, in a technical rather than prescriptive sense.<sup>55</sup> This evaluative bias is implicit throughout his work, indeed, on occasions it is quite explicit, notably where he describes predatory institutions such as property and patriotism as "imbecile" and "disserviceable" respectively, and the businesslike mismanagement of capitalism as "sabotage."<sup>56</sup>

## VII

### **Veblen's Condemnation of Imperialism**

VEBLEN characterized and condemned the modern era as one dominated by predation in both its economic and political dimensions.<sup>57</sup> He argued that representative government in industrial capitalist societies is concerned essentially, though not exclusively, with furthering business interests. It is enabled so to do by popular acclaim. This is achieved via the institutional support of patriotism and property which encourage the view that competitive emulation is in the interests of all members of society and not just the business community. By the same token, international politics, like national politics, is pursued in the interests of owners of capital, but is legitimated by reference to its alleged economic and social benefits to the whole population. Thus, imperialism was, for Veblen, part of the 'regular apparatus of business.'

An extreme expression of business politics . . . [That] serve[s] trade not only in the making of general terms of purchase and sale between the business men of civilized countries, but they are similarly useful in extending and maintaining business enterprise and privileges in the outlying regions of the earth.<sup>58</sup>

Veblen condemned the modern price system and its politics on the grounds that it retarded technological progress in general and benefitted national business classes in particular at the expense of the working classes.<sup>59</sup> Since he regarded imperialism as the international dimension of capitalism, he condemned it for the same reasons. For example, he rejected the two arguments conventionally advanced for "warlike adventure," namely: "(1) The preservation or furtherance of the community's material interests, real or fancied, and (2) vindication of national honour."<sup>60</sup> First, he claimed that imperialism may be of economic benefit to businessmen, but that it "signifies nothing more to the common man than

an increased bill of governmental expense and a probable increase in the cost of living."<sup>61</sup> Moreover, in the case of a protective tariff, that typically accompanies imperialism, "the cost to the common man is altogether out of proportion to the gain which accrues to the businessman for whose benefit he carries the burden."<sup>62</sup>

Second, he suggested that national honor is an "immaterial asset" and as such is concerned with prestige, "but that fact must not be taken to mean that it is of any less substantial effect for purposes of a *casus belli* than the material assets of a community."<sup>63</sup> On the contrary, argued Veblen, although it does not serve any useful purpose, typically it is the aspect "that is played up and made the decisive ground for action."<sup>64</sup>

Veblen was as perturbed by the social as much as the economic consequences of imperialism. In his view the main cultural effect of a 'warlike business policy' is conservatism among the whole population. Citing Hobson, he claimed that patriotic imperialistic preoccupations emphasize ancient and archaic virtues including unquestioning deference to status and class prerogative, which operate as a "corrective for 'social unrest.'"<sup>65</sup> In other words, imperialism stabilizes the unstable, modern capitalism.

Veblen also mentioned a third possible justification for imperialism: "the advancement and perpetuation of the nation's 'Culture.'"<sup>66</sup> Assuming this is a separate issue and not part of the national honor argument, Veblen observed that it "lends a readier countenance to gratuitous aggression and affords a broader cover for incidental atrocities, since the enemies of national Culture will necessarily be conceived as an inferior and obstructive people."<sup>67</sup> Needless to say, Veblen did not subscribe to the imperialist ethnocentricity characteristic of his time. He considered that:

Such an appraisal . . . is a matter of taste and opinion, in which the habitation embodied in this situation in this modern cultural scheme is itself taken as a base-line of appraisal; and it could, therefore, not be accepted as definitive in any argument on the intrinsic merits of this culture, in contrast to any other.<sup>68</sup>

Veblen divided imperialist nations into two types, dynastic and republican. Veblen often used other terms to designate these two forms of imperialism, especially the latter, for example, democratic, impersonal and modern commonwealth.<sup>69</sup> Veblen claimed that while both dynastic and republican states were imperialistic, their contrasting autocratic and democratic institutional structures led him to suggest that the former type "may safely be counted on spontaneously to take the offensive," whereas the latter only tend to "fight on provocation."<sup>70</sup> At the time he wrote *INP* during the first World War, Veblen mentioned Germany and Japan as the best examples of dynastic imperialism, and France and Britain, plus "less confidently," America, as examples of republicanism.

lican imperialist nations.<sup>71</sup> Veblen attempted to illustrate his two types of imperialism with reference to the British involvement in the Boer War and the German involvement in the French-Prussian war, but concluded in characteristically memorable language that:

Seen in dispassionate perspective from outside the turmoil, there is not much to choose, in point of sane and self-respecting manhood, between the sluggish and shamefaced abettor of a sordid national crime, and a ranting patriot who glories in serving as cat's-paw to a syndicate of unscrupulous politicians bent on domination for domination's sake.<sup>72</sup>

Veblen's conclusion to the effect that the difference between these two types of modern imperialism is more a matter of "degree than of kind" since they both reinforce predatory institutions and values, is significant in at least two respects.<sup>73</sup> First it is indicative of his condemnation of both offensive (*i.e.*, dynastic) and defensive (*i.e.*, democratic) expressions of imperialism, and second, it reflects his scepticism regarding the ability of the underlying population in democratic states to resist being mobilized to support imperialism.<sup>74</sup> Veblen's condemnation of both types is apparent in all his writings on imperialism up to and including his last book-length study.<sup>75</sup> Consequently, his distinction between dynastic and democratic imperialism is not crucial to an assessment of his political position on this phenomenon. However, it is relevant to his explanation of imperialism (and suggested cure), an aspect of his work to which we now turn.

## VIII

### Veblen's Explanation of Imperialism

VEBLEN'S CLASS ANALYSIS of both the economic and political institutions of industrial capitalism led him to suggest that imperialism, or what he referred to variously as "predatory national policy," "national prowess/ambitions," and "national enterprise of self-aggrandisement," is rooted in the economic interests of the dominant classes.<sup>76</sup>

Imperialism is dynastic politics under a new name, carried on for the benefit of absentee owners instead of absentee princes.<sup>77</sup>

Veblen argued that with the advent of international economic competition, the business classes of capitalist nation states were concerned with policies that promoted their particular pecuniary interests. In practical terms, this meant policies that extended and safeguarded the market, notably, protective tariffs, preferential navigation laws, advantageous trade regulations, plus the establishment of national military and diplomatic services.<sup>78</sup> Veblen emphasized the "indispensable" role that arms played in furthering ruling class interests:

Armaments serve trade not only in the making of general terms of purchase and sale between the businessmen of civilized countries, but they are similarly useful in extending and maintaining business enterprise and privileges in the outlying regions of the earth.<sup>79</sup>

Veblen noted that during the late nineteenth and early twentieth centuries, the imperialistic enterprise had been greatly enhanced by technological advances, especially in the means of aggression, transport, communication and indoctrination. According to Veblen several consequences followed from this nexus of developments. It meant that the remotest parts of the globe were no longer secure and that the advantage was now held by a potential aggressor. This in turn led to a widespread fear of aggression and an "era of armed peace" or "defensive-offense." Prussia and Prussianised Germany were mentioned by Veblen as among the leaders of this arms race. He concluded that it was widely accepted that, "the inevitable outcome of this avowedly defensive armament must eventually be war on an unprecedented scale and unexampled ferocity."<sup>80</sup>

Veblen's historical analysis of the classic age of imperialism, in combination with his conflicting class interests model of the capitalist state outlined above, prompted him to argue that imperialism cannot be accounted for on economic grounds alone. It was in this context that Veblen introduced an ideological factor, patriotism, as an additional explanatory variable into his theory of capitalism including its international dimension, imperialism.

Veblen defined patriotism "as a sense of partisan solidarity with respect to prestige" that "belongs under the general caption of sportsmanship, rather than workmanship," and which "finds its fullest expression in no other outlet than warlike enterprise."<sup>81</sup> According to Veblen patriotism is a ubiquitous cultural phenomenon that was essential to the survival of small and close knit primitive groups that lacked a hierarchy of economic classes. Under these conditions:

This needful sense of solidarity would touch not simply or most imperatively the joint prestige of the group, but rather the joint material interests; and would enforce a spirit of mutual support and dependence. Which would rather be helped than hindered by a jealous attitude of joint prestige; so long as no divergent interests of members within the group were in a position to turn this state of the common sentiment to their own particular advantage.<sup>82</sup>

Veblen claimed that the decline of general material interests and the rise of special, particularistic interests, paralleled the growth of technology and property rights. More specifically, he argued that the resulting economic expansion increases the gap between production and subsistence, and most importantly, creates "scope for individual ambitions and personal gains," *i.e.*, "a margin worth fighting for."<sup>83</sup> In the emergent, predatory society characterized by the institution of ownership and its associated class divisions, 'material interests cease to run on lines of group solidarity', with the exception of an attack from outside.<sup>84</sup> In other words, in a class divided society, Veblen suggested that pa-

triotism “remains as virtually the sole community interest which can hold the sentiment of the group in a bond of solidarity.”<sup>85</sup>

Thus, for Veblen, patriotism commends itself to classes and nation states involved in a competition for wealth and prestige because it has “the deep-rooted strength given by an extremely protracted discipline of predation and servitude.”<sup>86</sup> Veblen also suggested that of the two benefits that are thought to flow from imperialism, wealth and prestige, the former is to the advantage of the business classes but to the disadvantage of the common man, and only the latter is shared, albeit vicariously, among all social classes. Veblen referred to this as “psychic income.”<sup>87</sup>

In fact Veblen not only argued, as noted above, that imperialism retarded workmanship culturally and economically, and was consequently disservicable to the community at large, but ridiculed the idea that it involved any mutual interests.

. . . every man of sound mind . . . would scarcely even find amusement in so futile a proposal as that his neighbor should share his business profits with him for no better reason than that he is a compatriot.<sup>88</sup>

Veblen’s famed sarcastic wit aside, his pivotal point was that patriotism imparted credibility to imperialism.

The patriotic animus is an invidious sentiment of joint prestige; and it needs no argument or documentation to bear out the affirmation that its bias will lend a color of merit and expediency to any proposed measure that can, however speciously, promise an increase in national power or prestige.<sup>89</sup>

For Veblen the prescriptive force of patriotism was taken for granted and in the event of war, “however nefarious,” it ensured heroic popularity for political leaders.<sup>90</sup>

The economic and ideological factors that Veblen thought were responsible for imperialism tended in his view to be closely linked, in the sense that prestige is “conditioned by material circumstances.”<sup>91</sup> Hence the maxim “trade follows the flag,” although it “probably inverts the sequence of the facts,” nonetheless reflects the coterminous nature of modern international business and politics.<sup>92</sup> In other words, the economics of trade and the politics of the flag are both predatory, *i.e.*, competitive, emulative and invidious. Furthermore, in the pre-modern dynastic era, the priority was national prestige and political domination, whereas in the modern democratic era the priority is the nation’s business and economic domination. Yet Veblen recognized that it was possible for dynastic states to survive into the modern era, in which case national power may assume a greater importance than national wealth.<sup>93</sup> Consequently, both economic and political factors are invariably present in all situations, it is a matter of historical development and circumstances.

Although Veblen conceptualized both factors as predatory institutions and attempted to periodize them in relation to their relative causal significance, there are several points at which he indicated that patriotism, not the price system, was perhaps the crucial element and, therefore, the more enduring problem. This was apparent in all his writings and represents strong evidence of the continuity of Veblen's thoughts on the explanation of imperialism.<sup>94</sup>

## IX

**Veblen's Remedy for Imperialism**

VEBLEN SUGGESTED three possible remedies for imperialism, two in the context of the existing national and international system of law and order, and one with reference to a post-capitalist situation. All were outlined in the light of the Kantian aspiration of an enduring peace, but "not in terms of what ought dutifully to be done toward the desired consummation, but rather in terms of those known factors of human behaviour that can be shown by analysis of experience to control the conduct of nations in conjunctures of this kind."<sup>95</sup>

Regarding the changes within the existing system that Veblen deemed necessary for the end of imperialism, he called them "peace without honour" and "peace with honour" respectively, and both were predicated on his distinction between dynastic and democratic states. The first remedy involved submission by the democracies to the domination of the two major dynastic imperial powers, Germany and Japan, and the second involved the elimination of the dynastic powers and the creation by the democratic states of a "League of Neutrals." According to Veblen, neither option was an easy one in the acrimonious political climate of the First World War, but the chances for peace are better under the second alternative. He argued that: "The Imperial aim is not a passing act of pillage, but a perpetual usufruct," and the prospect of imperial tutelage was "repugnant to the patriotic sentiments of those peoples whom the Imperial German establishment have elected for submission."<sup>96</sup> In other words, since the first remedy is premised on the perpetuation of dynastic dominion and is dependent upon the suspension of national pride among the subject nations, Veblen viewed it as an armistice and hence an ineffective option.<sup>97</sup>

Implicit in Veblen's other proposal, namely the defeat of German and Japanese imperialism, was the suggestion that it should be accompanied by democratic changes in those societies as a prelude to their membership in a "defensive league of neutrals."<sup>98</sup> Membership of this projected group of neutral states would include at its "core" the leading democracies, namely Britain and America, aided by comparable nations, such as other west European countries. Veblen added two further categories of membership; states which are now ruled by

another power like Germany, plus the “backward peoples that inhabit Colonial Possessions.”<sup>99</sup> The main aim of this organization would be “to keep the peace by enforcement of specified international police regulations or by compulsory arbitration of international disputes.”<sup>100</sup> He argued that for such a league to be effective “national interests and pretensions would have to give way to a collective control sufficient to insure prompt and concerted action”<sup>101</sup> Veblen was not confident; he thought that it was most unlikely that self-interested and patriotic capitalist classes, especially the American, would relinquish their national “businesslike discriminations” for the common good.<sup>102</sup>

The logic of Veblen’s analysis of the predatory and hence “inherent infirmities” of capitalism and patriotism forced him to conclude that if the problem of imperialism is to be solved on a total rather than partial basis, the combined obstacles of the price system and national frontiers need to be abolished.

As regards the modern industrial system, the production and distribution of goods and services for common use, the national establishment and its frontiers and jurisdiction serve substantially no other purpose than obstruction, retardation, and a lessened efficiency. As regards the commercial and financial considerations to be taken care of by the national establishment, they are a matter of special benefits designed to accrue to the vested interests at the cost of the common man. So that the question of retaining and discarding the national establishment and its frontiers, in all that touches the community’s economic relations with foreign parts, becomes in effect a detail of that prospective contest between the vested interests and the common man out of which the New Order is to emerge.<sup>103</sup>

In other words, since Natural Rights and National Integrity are characterized by economic competition and political rivalry, they are incompatible with what Veblen called a “lasting peace.”<sup>104</sup>

## X

### **Hobson and Veblen on Imperialism**

HOBSON AND VEBLER lived and worked during the classic age of imperialism, although their political and empirical reference points were different. Hobson was active in party politics and his analysis was based on his study of British imperialism, and especially the Boer War, whereas Veblen, the iconoclast, eschewed party politics and undertook most of his work on imperialism during the First World War but was generally less focused. Their conceptualizations of modern imperialism were broadly comparable in that they viewed it as the domination of one state by another, achieved typically by military means for economic purposes. Beyond this, our comparison of their studies of imperialism in terms of our organizing framework of key questions regarding the condemnation and explanation of, and remedy for, imperialism, has revealed some interesting and instructive convergencies and divergencies.



First, while Hobson and Veblen both condemned modern imperialism on similar economic and political grounds, Veblen's condemnation was arguably the greater. Thus, they agreed that it involved economic costs, to society in general and the working classes in particular, and political costs in the sense that it hindered democracy. For example, Hobson and Veblen were supporters of free trade and universal citizenship. However, in contrast to Hobson who was in favor of "legitimate" forms of imperialism (*i.e.*, developmental), but strongly opposed to "insane" imperialism (*i.e.*, exploitative), Veblen was hostile to imperialism *per se*. He argued that imperialism contradicted and therefore retarded, to a greater or lesser extent, his preferred proclivity, peaceable and productive workmanship.

Second, Hobson and Veblen's dualistic explanations of imperialism were both predicated on conflicting "class interests models" of capitalism. However, in this important respect, the degree of convergence is more apparent than real. Hobson's theory of imperialism placed more weight on the economic than on the political causes of imperialism, whereas Veblen's theory reversed the weights. More specifically, Hobson's underconsumptionist account, based on a detailed historical analysis of British imperialism, focused on the role of finance capital and was supplemented by the ideological factor of jingoism. Veblen concurred with Hobson regarding the dominant economic class interest root of imperialism. However, on the basis of a more broad brush approach to historical analysis, he castigated the whole price system rather than any one class faction. Moreover, and crucially, he argued that patriotism, which pre-dates capitalism, is a factor of at least equal, if not greater, importance in the modern world. Interestingly, in their respective accounts, Hobson's economic theory of underconsumption is arguably better developed than Veblen's economic analysis of imperialism. By the same token, it could be argued that Veblen's political theory of patriotism is more fully developed than Hobson's analysis of jingoism. Finally, in their respective theories of imperialism, they both deprecated the waste occasioned by the growth of expenditure on armaments, but Veblen went further, in the sense that his analysis of competitive militarization in the interests of national prestige and power represents an early version of the now familiar international arms race.

Third, they both thought that imperialism could be remedied by the establishment of an international system of law and order, including an arbitration scheme, that would regulate inter-government relations on the basis of free trade and greater democracy. But in contrast to the practical politician Hobson, Veblen's more systemic approach led him to the conclusion that the problem of imperialism could not be solved within the existing structure of international capitalist competition. Hence, his alternative remedy involved the abolition of

the nation state and the price system, although he advanced no programme to achieve this end.

In sum, Hobson's essentially economic account of imperialism prompted him to view it as a phenomenon that was not invariably 'sinister' and was therefore susceptible to reform. Whereas in Veblen's analysis of imperialism, the historical conjunction of two predatory institutions, capitalism and patriotism, meant that it was wholly 'sinister' and therefore beyond reform. In other words, for Hobson a maladjusted capitalism was the problem, not capitalism as such, since a properly managed surplus was something from which all could benefit. Similarly at the international level, the proper regulation of overseas investment in developing countries would yield benefits to all and avoid inter-imperial conflict. Thus for the nationalist and reformist Hobson, the imperial villains were the exporters of capital, hence there was a middle way between capitalism and socialism. However, for the radical internationalist Veblen, the system itself was villainous, hence imperialism could not be ameliorated by reforming capitalism and nation states. Thus, the end of imperialism could only be achieved by the abolition of inherently predatory institutions. Finally, whilst the main purpose of this paper has been to compare and contrast the respective contributions of Hobson and Veblen to our understanding of the phenomenon of imperialism, we would hope that the continued relevance of their analyses would not be lost on the reader. We would contend that if they were alive today, notwithstanding their different emphases, they would have been equally sceptical about the possibility of a conflict-free new world order. In the post-Gulf war era, the dominance of finance capital and the importance of patriotism show no sign of diminishing.

#### Notes

1. Stephen Edgell and Rick Tilman, "John Hobson: Admirer and Critic of Thorstein Veblen," in John Pheby ed. *J. A. Hobson after Fifty Years and the Social Sciences* (London: Macmillan, 1993).
2. R. Koebner, "The Concept of Economic Imperialism," *Economic History Review*, 2nd series, 2 (1949): 1–29.
3. Stephen Edgell and Rick Tilman, "John Rae and Thorstein Veblen on Conspicuous Consumption," *History of Political Economy* 23 (1991).
4. On Hobson and Lenin, see Jules Townshend, "Introduction," to J. A. Hobson, *Imperialism: A Study*, 3rd Ed. (London: Unwin-Hyman, 1988): 9–41; see also Dale L. Cramer and Charles G. Leathers, "Veblen and Schumpeter on Imperialism," *History of Political Economy*, 9 (1977): 237–55.
5. For a fuller version of this point see Jules Townshend, *J. A. Hobson* (Manchester: Manchester UP, 1990).
6. *Ibid.*, Ch. 2.
7. J. A. Hobson, *Imperialism: A Study*, 1st ed. (London: Nisbet, 1902) 11, 23, 55, 65, 200 and 246.

8. *Ibid.*, 8 and 304.
9. *Ibid.*, 304.
10. *Ibid.*, 6, 37 and 124.
11. *Ibid.*, 11.
12. Most of these arguments were formulated by Adam Smith, Jeremy Bentham and James Mill, but Cobden popularized them.
13. *Ibid.*, 152.
14. *Ibid.*, 133.
15. *Ibid.*, 150.
16. *Ibid.*, 145–8.
17. See P. Cain, "J. A. Hobson, Cobdenism and the Radical Theory of Economic Imperialism, 1898–1914," *Economic History Review*, 2nd series, 31 (1978): 568.
18. R. Cobden, *Political Writings* (London: Cassell, 1886) 24, 36–8; Hobson (1902) *op. cit.*, 68–9 and 362.
19. *Ibid.*, 28–31; Cain *op. cit.*; Townshend (1988) *op. cit.*, 382.
20. Hobson (1902) *op. cit.*, 367.
21. J. A. Hobson, *The Social Problem* (London: Nisbet, 1901) 118, original emphasis.
22. Hobson (1902), *op. cit.*, 243.
23. *Ibid.*, 246.
24. *Ibid.*, 246–84.
25. *Ibid.*, 285.
26. *Ibid.*, 55.
27. *Ibid.*, 50.
28. See for example W. L. Langer, *The Diplomacy of Imperialism*, Vol. 1 (New York: Knopf, 1935) 74.
29. J. A. Hobson, *The Evolution of Modern Capitalism* (1894; London: Scott, 1906) 264–6.
30. J. A. Hobson, *The Psychology of Jingoism* (London: Richards, 1901).
31. *Ibid.*, 6–7.
32. Hobson (1902) *op. cit.*, Part II, Ch. III.
33. *Ibid.*, 197–8.
34. *Ibid.*, 246.
35. *Ibid.*, 216.
36. J. A. Hobson, *Democracy After the War* (London: Allen and Unwin, 1917) Ch. 1.
37. J. A. Hobson, *Free Thought in the Social Sciences* (London: Allen and Unwin, 1926) 192.
38. Hobson (1902), *op. cit.*, 363.
39. Hobson (1917), *op. cit.*, 58–9.
40. Hobson (1902), *op. cit.*, 359.
41. *Ibid.*, 93.
42. *Ibid.*, 188.
43. *Ibid.*, 190–1.
44. *Ibid.*, 225.
45. *Ibid.*, 230. For a discussion of Hobson's imperialist tendencies see Jules Townshend, "J. A. Hobson: Anti-Imperialist?" *International Review of History and Political Science* 19 (1982): 28–41.
46. Hobson (1902), *op. cit.*, 231.
47. *Ibid.*, 229.
48. *Ibid.*, 285.
49. Hobson (1901), *op. cit.*, 276.

50. J. A. Hobson, *Towards International Government* (London: Allen and Unwin, 1915) 137–42.
51. *Ibid.*, Ch. 3 and 4.
52. T. Veblen, *The Theory of the Leisure Class* (1899; London: Allen and Unwin, 1970); T. Veblen, *Absentee Ownership and Business Enterprise in Recent Times* (1923; New York: Kelley, 1964a).
53. T. Veblen, *An Inquiry into the Nature of Peace and the Terms of its Perpetuation* (1917; New York: Kelley, 1964b).
54. Cf. Stephen Edgell, "Thorstein Veblen's Theory of Evolutionary Change," *American Journal of Economics and Sociology* 34 (1975): 267–80; Stephen Edgell and Rick Tilman, "The Intellectual Antecedents of Thorstein Veblen," *Journal of Economic Issues*, 23 (1989): 1003–26.
55. Veblen (1970), *op. cit.*, 78; Veblen (1964b) *op. cit.*, 83.
56. *Ibid.*, 41 and 340–1; T. Veblen, *The Instinct of Workmanship* (1914 New York: Kelley, 1964c) 25 and 49.
57. T. Veblen, *The Theory of the Business Enterprise* (1904; New York: Kelley, 1965).
58. *Ibid.*, 292–5.
59. For Veblen's views on the derangements inherent in modern capitalism see *The Engineers and the Price System* (1921; New York: Harcourt, Brace & World, 1963) 110–16; and Veblen (1964b), *op. cit.*, Ch. VII.
60. *Ibid.*, 23.
61. *Ibid.*, 24.
62. *Ibid.*, 26.
63. *Ibid.*, 27.
64. *Ibid.*, 30.
65. Veblen (1965), *op. cit.*, 391–3.
66. Veblen (1964b), *op. cit.*, 23.
67. *Ibid.*, 24.
68. T. Veblen, *Imperial Germany* (1915; Ann Arbor: U Michigan P, 1966) 266–7.
69. *Ibid.*, 60–1; Veblen (1964b) *op. cit.*, 9–10.
70. *Ibid.*, 79.
71. *Ibid.*, 79.
72. *Ibid.*, 106.
73. *Ibid.*, 10; Veblen (1965) *op. cit.*, 392–3.
74. Veblen (1964b), *op. cit.*, Ch. 1.
75. In addition to the sources already cited, see also T. Veblen, *The Vested Interests and the Common Man* (1919; New York: Capricorn Books, 1969) Ch. VI.
76. Veblen (1965), *op. cit.*, 398; Veblen (1964b) *op. cit.*, 72–3; Veblen (1969), *op. cit.*, 117.
77. Veblen (1964a), *op. cit.*, 35.
78. Veblen (1964b), *op. cit.*, 26 and 68.
79. Veblen (1965), *op. cit.*, 295.
80. Veblen (1964b), *op. cit.*, 19.
81. *Ibid.*, 31 and 33.
82. *Ibid.*, 49–50, see also 306–7.
83. *Ibid.*, 50 and Veblen (1970) *op. cit.*, 32.
84. Veblen (1964b), *op. cit.*, 52.
85. *Ibid.*, 54.
86. Veblen (1965), *op. cit.*, 288.
87. Veblen (1964b), *op. cit.*, p. 71; Veblen (1969) *op. cit.*, 127.

88. Veblen (1964b), *op. cit.*, 75.
89. *Ibid.*, 67, see also 30 and 35–7.
90. *Ibid.*, 22.
91. *Ibid.*, 59.
92. *Ibid.*, 72; Veblen (1965) *op. cit.*, 294.
93. Veblen (1966), *op. cit.*, especially 104.
94. Cf. Veblen (1965), *op. cit.*, 392–5; Veblen (1964b) *op. cit.*, 178–9; Veblen (1964a) *op. cit.*, 442–6.
95. Veblen (1964b), *op. cit.*, VII and VIII,
96. *Ibid.*, 118 and 152.
97. *Ibid.*, 87 and 144–5.
98. *Ibid.*, 139, 237 and 271–2.
99. T. Veblen, *Essays in our Changing Order* (1934; New York: Kelley, 1964c) 367–8.
100. Veblen (1964b), *op. cit.*, 222–3.
101. *Ibid.*, 232.
102. *Ibid.*, 294–8.
103. Veblen (1964c), *op. cit.*, 355–390 especially 390.
104. Veblen (1964a), *op. cit.*, Ch. I and XIII.

### ***In the Interest of Humanity***

EFFECTIVE HUMAN RIGHTS ADVOCACY and research requires the use of statistics, carefully collected and objectively analyzed and presented, using the best techniques available. Statistics that lack credibility are of little value. Those that can be defended against critics can be effective in throwing the spotlight on violations and promoting the observance of human rights for all.

*Human Rights and Statistics: Getting the Record Straight* (Baltimore: Press of the University of Pennsylvania, 1992), edited by Thomas B. Jabine and Richard P. Claude describes and summarizes important issues associated with the collection and uses of human rights statistics. Jabine, an independent statistical consultant, has worked with the Committee on National Statistics at the National Academy of Sciences and the United Nations Statistical Office. Claude is professor of government and politics at the University of Maryland.

The importance of collaboration between statisticians and other professionals is made plain by the inclusion in the book of contributions from experts in political science, public health, law, forensic pathology, and statistics.

The toll free number at the Press is (800) 445-9880, and the Fax number, (301) 338-6998.

F.C.G.