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# J. A. Hobson and British Imperialism

By JOHN CUNNINGHAM WOOD\*

ABSTRACT. *John A. Hobson* made a significant contribution in his *economic, social and political analysis of British imperialism*. His views on the two leading political imperial issues of the 1880s and early 1900s—the schemes for *imperial federation* and *imperial preference*—are examined. Hobson discussed such topics with a substantial degree of balance and objectivity, though he had strong personal feelings on the matters. Since *historians of thought* have neglected the discussion of imperial topics by Hobson's contemporary economists, Hobson's ideas are considered in relation to those of other economists writing in the period, 1870-1914, including *W. J. Ashley, W. Cunningham, H. Fawcett, R. Giffen, W. A. S. Hewins, A. Marshall* and *J. S. Nicholson*. Hobson emerges as the most comprehensive and sophisticated of the group, even though his ideas appear somewhat muddled.

## I

### Introduction

JOHN A. HOBSON has long been of interest to scholars of economics and sociology. In particular, Hobson's classic work, *Imperialism: a Study*, has received widespread attention from commentators and his accompanying economic theory of imperial expansion, outlined in the work, has been frequently re-iterated, extended and criticised.<sup>2</sup> Hobson attempted to understand precisely the economic process which produced imperialism; as well as those forces, political as well as psychological and social, which initiated the process or at least strengthened it.

Hobson's theory attributed imperialism to the inherent weaknesses in the capitalist system and argued that a group of powerful financial leaders actually directed British policy from behind the scenes in order to find outlets for their surplus capital and surplus production. This thesis was re-iterated by Hobson's contemporary, J. Ramsay MacDonald, in *Labour and Empire* and extended by such Marxists as Rudolf Hilferding and Vladimir Lenin in their analyses of the capitalist system.<sup>3</sup> The most influential Marxist extension of

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Hobson's thesis was by Hilferding, who incorporated Hobson's ideas into his own development of Marxism for the 20th century.<sup>4</sup> Lenin did not, as is sometimes claimed, re-interpret Hobson; rather he plagiarized the ideas of Hobson and Hilferding so as to set them in a form which furthered the political ideas of the Bolshevik faction of the Russian Social Democratic party.<sup>5</sup>

Whilst Hobson's theory of imperialism is widely known, the evolution of his ideas and writings in numerous journals in the years prior to the first publication of *Imperialism* in 1902 is still relatively unknown. Despite Bernard Porter's discussion of this development in *Critics of Empire*, and P. J. Cain's recent article, Hobson's contributions to discussions on a range of imperial topics, particularly the two leading political imperial issues of the 1880s and early 1900s—schemes for imperial federation and imperial preference—have virtually been ignored.<sup>6</sup> This paper aims, among other things, to demonstrate that Hobson discussed such topics with a substantial degree of balance and objectivity, though he had strong personal feelings on the matters. Additionally it seeks to point out and note Hobson's ideas and opinions on a diverse range of ethical, social, economic and political aspects associated with the possession and governing of a diverse empire, such as that commanded by the United Kingdom.

Generally speaking, historians of thought have neglected the discussion of imperial topics by Hobson's contemporary economists.<sup>7</sup> Whilst the constraints of this paper do not allow one to redress this balance, Hobson's ideas are considered—where possible—in relation to other economists writing in the period, 1870–1914.<sup>8</sup>

## II

### Hobson—The 'Economic Heretic'

DURING HIS LONG LIFE (1858–1940), which spanned unparalleled achievements in British industrial supremacy and imperial expansion, Hobson produced some 53 books and scores of periodical and newspaper articles on a wide range of economic, social, political, philosophical and ethical topics.<sup>9</sup> Born in Derby, in 1858, Hobson received his early education there and later went up to Lincoln College, Oxford, where he studied the classics.<sup>10</sup> At Oxford in the late 1870s not only was political economy in transformation, if not decline, but there was also an extraordinary wave of interest in social reformism, it being the period of T. H. Green, Jowett and Arnold Toynbee.<sup>11</sup>

As an undergraduate, Hobson did not undertake any formal study of economics, claiming in later life that whilst a student he was most influenced

by J. S. Mill's work *On Liberty* and Spencer's *Study of Sociology*.<sup>12</sup> Upon graduating, he taught classics in public schools in Faversham and Exeter for eight years from 1880–1887, when he became an extension lecturer in English and Economics from 1887 to 1897. As an extension lecturer, Hobson was a co-author of *The Physiology of Industry* with A. F. Mummery.<sup>13</sup> Published in 1889, the book was a scathing attack on orthodox economics and a denial of the Mill-Say law of markets. It contained the thesis that oversaving was a possible cause of business cycle slumps.<sup>14</sup>

Hobson's prolific writings covered a far greater range of disciplines than economics, and he made contributions to philosophy, sociology, political theory and ethics. His economic writings are not in a rigorously theoretical style like, say Jevons's *Political Economy* or Marshall's *Principles*, but combine many thoughts and disciplines, distractions and excursions. As an extension lecturer, Hobson had become extremely interested in, and a keen adherent to, John Ruskin's writings, and throughout the rest of his life he was intensely concerned with social reform in a broader sense than mere economic reform. His emphasis on the non-material development of society, coupled with his desire to change society, stemmed from the deep influence of men he wrote biographies of—Ruskin, Cobden, Hobhouse and Veblen.<sup>15</sup> Despite his considerable publications in economics, Hobson was never accepted as a colleague by British establishment economists. His books received poor reviews from economists and Alfred Marshall, the leading economist of the period, paid him only incidental attention.<sup>16</sup> Indeed, Hobson's contribution to mainstream economic theory was neglected until Keynes' praised him in the *General Theory*.<sup>17</sup>

### III

#### Population and the Disutility of Empire

IN 1902 Hobson's *Imperialism: A Study* was published. In this popular work he synthesized a substantial amount of his earlier work on the nature of economics, the reasons for and effects of late 19th century expansion, as well as his personal experiences in the empire (South Africa) and a general interest in international politics.

His economic theory of imperialism was *not* entirely the result of his journalistic activities in South Africa during the Boer War and his unorthodox views on savings and investment, as some commentators argue.<sup>18</sup> It is difficult to date precisely Hobson's first interest in the empire and the era of 'new imperialism,' although it appears that in the mid-1890s he was deeply involved in discussions on imperial questions. During the period he was an

active participant in the South Place Society (a secularist 'religious' society of intellectually inclined humanists) and the Rainbow Circle (a political discussion group of 20 writers and politicians who espoused a diverse range of ideologies from socialism to liberal-imperialism) and it was in the latter's journal, *Progressive Review*, that Hobson published his article on empire.<sup>19</sup>

Intensely interested in this 19th century expansion, Hobson offered his economic theory of imperialism as an explanation for the period of "new imperialism."<sup>20</sup> Like the prominent English economic historian, William Cunningham, and Sir Robert Giffen of the Department of Trade, Hobson attempted to delineate those regions affected by British expansion.<sup>21</sup> Although not as thorough as Giffen, Hobson's statistics were far more detailed than those of popular writers like the then highly regarded British historian, J. A. Froude, who had also attempted to qualify the physical attributes of the empire.<sup>22</sup>

Hobson's argument on the economic disutility of empire is similar to that propagated by the economists writing in the 1860s—Cairnes, Rogers and Goldwin Smith.<sup>23</sup> These economists rejected the general position adopted by the later classical economists and J. S. Mill; Smith favored the practical implementation of the colonial reformers' schemes, although at a theoretical level he retained strict adherence to the Mill-Say law of markets, which conflicted with Wakefield's scheme of systematic colonization.<sup>24</sup> Cairnes—one of J. S. Mill's admirers—and Rogers and Goldwin Smith, two of his critics, rejected the position that the colonies were outlets for surplus population and that "trade followed the flag."<sup>25</sup> Whilst they concentrated on the self-governing colonies (Australia, Canada, New Zealand), Hobson was concerned to demonstrate that those regions acquired by the "new imperialism" were economically useless to the country as a whole.

In *Imperialism*, Hobson re-iterated his August, 1898, argument on the unprofitability of the "new imperialism," asserting that the idea that the United Kingdom required areas for her surplus population and products was a "delusion."<sup>26</sup> Unlike the classical economists of the 1860s, Hobson denied that the United Kingdom was overpopulated. However, like them, he wanted to demonstrate that most British emigrants went to the United States. He differed in arguing that the tropical lands acquired by Western Europe made no significant contribution to the areas available for emigration.<sup>27</sup> Writing with the hindsight of a century of censuses which revealed an easing of population growth and a reduction in the birth rate, Hobson was more optimistic concerning future rates of British growth than many of his predecessors.

It is true that our manufactures and commerce may not continue to grow as rapidly as in the past, though we have no clear warrant from industrial statistics for the judgment: but if this be so, neither is our population to increase so fast. Of this we have clear statistical evidence of the diminution of the rate of growth of our population, as disclosed by the latest consensus, is such as to justify the conclusions that, if the forces continue to operate the population of Great Britain will be stationary by the middle of the century.<sup>28</sup>

Hobson totally rejected the Malthusian theory of population, arguing that there was no general necessity for a policy of imperial expansion to provide an outlet for overpopulation, "present or prospective."<sup>29</sup> He did not accept the view that British domestic poverty could be solved by merely sending people to the colonies, implicitly ruling-out Wilmot-Horton's and Wakefield's colonization schemes. Having rejected the Malthusian population argument, Hobson never reversed his position. In *Wealth and Life* he argued that if emigration occurred from an overpopulated to an underpopulated country, there would not be an immediate increase in the birth rate of the former country which would restore the equilibrium.<sup>30</sup>

Unlike Hobson, Cairnes, Fawcett, Rogers and Smith were adherents of the Malthusian population doctrine. However, they wrote some 40 years earlier than Hobson, and their concern was to discredit the contention that the self-governing colonies were outlets for the mother country's surplus population.<sup>31</sup> They referred to migration statistics which demonstrated that most British emigrants travelled to the United States, rather than the British colonies.<sup>32</sup> This further developed their case for total colonial emancipation. To them, the United Kingdom should abandon her colonies, since they were useless, expensive and a threat to international peace. Because of these political aims, they did not question the merits of either the Malthusian theory of population or Wakefield's theory of colonization, though Fawcett made a comprehensive statement on classical emigration theory after initially rejecting the orthodox position.<sup>33</sup> Writing before Fawcett, T. E. Cliffe Leslie launched a fascinating attack on such orthodoxy.<sup>34</sup>

While Hobson wanted to demonstrate the uselessness of empire, like the 1860 economists, his population theory was more in keeping with 19th century heretical stances. Jevons, for example, heartily approved of a situation whereby the population void created by emigration was rapidly filled by natural increase, rising productivity or both.<sup>35</sup> He considered that such a situation represented the highest stage of progress and prosperity that a nation could enjoy. The economic historians, Cunningham and Hewins, also argued that a large and growing population was a source of strength, power and progress. They specifically advocated that a far larger share of British migrants

settle in the colonies.<sup>36</sup> Hewins was most anxious to maintain "our great and glorious empire and stop the importation of refuse and scum from other countries."<sup>37</sup> Generally speaking, however, the accepted orthodoxy was support for the Malthusian theory of population.<sup>38</sup> It was also argued that the British worker was well suited for emigration, a position Hobson did not accept.<sup>39</sup>

But it is idle to shirk the truth—unpalatable as it is—that a very large proportion of English emigrants do not contain the physical, industrial and moral qualities fitting them for success in a new country, where hard work and hard life are demanded. It may be doubted whether a majority of the 49,000 (or, at any rate, of the adults among them) who last year entered Canada as settlers are well fitted for settlement in such a country.<sup>40</sup>

#### IV

##### Costs and Benefits of Empire

HOBSON INVESTIGATED a range of ethical, philosophical, political and social aspects associated with empire, not only in *Imperialism* but also in numerous other books and articles. In these works, there is no comprehensive account of the cost and benefits of empire. Rather, there is the juxtaposition of an enormously diverse range of opinions and ideas, which (for purposes of illustration) will be considered under the following headings: Threat to World Peace; Absorption of Lower Races; General Benefits.

##### (i) *Threat to World Peace*

Nowhere does Hobson's belief in Cobdenistic philosophy appear more apparent than in his detestation of militarism and advocacy of world peace.<sup>41</sup> To Hobson, imperialism was inextricably linked with militarism, for expansion was war-like and the retention of control in conquered lands involved a military presence.<sup>42</sup> Subsequently, he argued that the imperialistic activities of the late 19th century had contributed to the outbreak of World War I.

Prior to the War, he had contended that imperialism would encourage wars and all the dangers associated with war—military expenditure, arms competition, militarism and conscription.<sup>43</sup> After the War, he firmly maintained that if the various struggles of rival imperialistic nations continued, then there could be no serious hopes of a lasting world peace.<sup>44</sup> He believed that the solution to such a situation was to be found in organized "economic internationalism," which would be achieved by obtaining mutual agreement of industrial and financial groups in different countries, thus extending their organizations across their national barriers.

On the economic side, the national struggles for new resources such as oil, rubber, copper, the deficiency of foreign markets adequate to take the export surpluses which

depressed trades in industrial countries could produce, the visible waste of manufacturing power thus revealed, the raising of tariff walls and other aids to home industries at the expense of foreigners, the payment of war debts, by poorer nations to richer, the harassing fluctuations of foreign exchanges—all these factors feed international fears, suspicions, envies and hatreds. The only escape from these moral and economic wastes and perils is by way of organised economic internationalism.<sup>45</sup>

(ii) *Absorption of Lower Races*

In *Imperialism* Hobson devoted a lengthy chapter on the impact of the advanced countries on what he called the “lower races,” whom he considered to be people with crude techniques of production. Hobson thought that the sudden arrival of imperialistic powers in societies which had virtually remained unchanged for thousands of years, societies which held irrational beliefs and which were less materialistically oriented, could be ‘incredibly destructive.’ This was especially so when foreigners attempted to suddenly “enforce white standards of hygiene, decency, or morals” which had—and still could—disintegrate “primitive group standards and lead to extermination.”<sup>46</sup> In this context he deplored pleas to ‘take-up the white-man’s burden,’ (such as those made by Cunningham), as nothing more than a “pretence” in the name of “the conquest of imperialism.”<sup>47</sup>

In summary, Hobson believed that imperialism had slowed-up the progress of cooperation and order between nations. It obstructed international democracy through its denial of self-government to the subjected races and poisoned “the democratic atmosphere of the country wielding this coercive power over the life and labour of weaker peoples.”<sup>48</sup> National democracy was inextricably linked with personal freedom for all its citizens, but the limited freedom of subject peoples, caused by imperialism, was inconsistent with personal freedom. Most ominous of all was imperialism’s inconsistency with democracy and social reform. It maintained a despotism abroad which was irreconcilable with popular government at home. In order to meet military expenditure, it drained the public of money which might be spent on social reform and it diverted public resentment from domestic grievances.<sup>49</sup>

To Hobson, British rule of India illustrated the two essential problems associated with any imperialism—the destruction of culture and the government of a conquered people. Generally speaking, he believed that while a century of British rule in India had been conducted with sound ability and goodwill, it did nothing to alleviate the poverty which existed. Nevertheless, there was ‘one real and indisputable success’ of British rule in India (and throughout the empire)—the maintenance of ‘order and prevention of war.’<sup>50</sup> Despite the drawbacks of British rule, Hobson was pleased with British achievements in India.



We have established a wider and more permanent internal peace than India had ever known from the days of Alexander the Great. We have raised the standard of justice by fair and equal administration of laws; we have regulated and probably reduced the burden of taxation, checking the corruption and tyranny of native princes and their publicans. For the instruction of the people we have introduced a public system of schools and colleges, as well as a great quasipublic missionary establishment, teaching not only the Christian religion but many industrial arts. Roads, railways and a network of canals have facilitated communication and transport, and an extensive system of scientific irrigation has improved the productiveness of the soil; the mining of coal, gold and other minerals has been greatly developed; in Bombay and elsewhere cotton mills with modern machinery have been set up, and the organization of other machine industries is helping to find employment for the population of large cities. Tea, coffee, indigo, jute, tobacco and other important crops have been introduced into Indian agriculture. We are gradually breaking down many of the religious and social superstitions which sin against humanity and retard progress, and even the deeply rooted caste system is modified wherever British influence is felt. There can be no question that much of this work of England in India is well done.<sup>51</sup>

In acclaiming British rule in India, Hobson was consistent with all economists from J. S. Mill to Alfred Marshall and William Cunningham. Without exception, they believed Britain had brought peace and order to a once warring nation, though they agreed this involved the sacrifice of Indian culture.

*(iii) General Benefits*

Hobson was not totally opposed to the exploitation of resources in those regions under the control of the "lower races." On the contrary, he maintained that tropical development was both right and necessary for three reasons. Firstly, if people within a given area failed to utilize their resources, a more 'progressive' power could do so for the "general good of nations."<sup>52</sup> He explicitly denied that any 'backward' race had the right to refuse to other peoples the use of natural resources which it was unable to develop itself.<sup>53</sup> Like Cobden, he believed the resources of the world should be available for those who were best suited to exploit them. Secondly, Hobson felt it was impossible to stop the exploitation of the tropics by imperialistic powers, and even if all governments abstained, private adventurers would not. Much like Cunningham, Hobson argued if the United Kingdom abandoned its rule of the tropics, then these regions would become the prey of armed groups.<sup>54</sup>

If organised Governments of civilised powers refused the task they would let loose a horde of private adventurers, slavers, piratical traders, treasure hunters, concession mongers, who, animated by mere greed of gold or power, would set about the work of exploitation under no public control and with no regard to the future.<sup>55</sup>

Given such a situation, nations had both a duty and a right to interfere with the "lower races." For Hobson, the only problem was how the interference should occur. He agreed that, in the present pattern of relationships,

a good measure of exploitation was involved.<sup>56</sup> To avoid this, Hobson recommended the establishment of a mandatory authority, which should have two broad guidelines: (1) To aim at the good of the whole world, (2) To benefit the nations involved and respect "the services of nationality, as a means of education and of self-development."<sup>57</sup>

## V

## The Political and Economic Unification of the Empire

*(a) Imperial Federation*

In the 1850s and 1860s the self-governing colonies acquired more and more control over their territories. In 1861 a select committee of the House of Commons found that the supervision and cost of the military defence of the colonies ought to devolve upon themselves.<sup>58</sup> The following year the House of Commons resolved, without a division, "that colonies exercising the right of self-government ought to undertake the main responsibility of providing for their own internal defence."<sup>59</sup> Yet any tendency to complete self-determination in all colonial governmental activities seemed to stop short in the 1870s and the decade witnessed a considerable debate in the Commons over imperial unity, especially after the government issued an emphatic disavowal of the idea of colonial emancipation.<sup>60</sup>

The examples of Germany and the United States were instrumental in suggesting the possibility of a federal solution to the colonial question and the movement for imperial unity had gained increasing momentum by 1880.<sup>61</sup> During the decade it was generally held that if the colonies were not to be estranged from the mother country, some positive measures must be taken to formally attach them. Imperial federation schemes were widely discussed and societies were formed to promote the idea. One such society was the Imperial Federation League, which was established in 1884 to secure "by federation the permanent unity of the empire."<sup>62</sup> Imperial federation was considered in numerous forms. Indeed, it became customary to speak of any plan for closer union as a 'Federation.' Of the 150–200 schemes mooted in the period 1880 to 1900, two were most strongly supported: (i) The admission of colonial representatives to the Westminster Parliament, (ii) A federal constitution modelled on the lines of those of the United States or Canada, and embodying a super-parliament.<sup>63</sup>

In the years prior to Hobson's discussion of imperial federation schemes in *Imperialism*, three economists, Giffen, Merivale and Nicholson, had given various schemes considerable attention. Merivale and Giffen were categorically

opposed to the dissolution of all political bonds between the United Kingdom and its colonies and they came to demand the political unification of the empire.<sup>64</sup> Although they considered various schemes, J. S. Nicholson and Hobson devoted far greater attention to the issue of imperial federation, the former advocating the establishment of an imperial parliament while the latter opposed it, believing that such a scheme was unworkable and against the trend of colonial independence. Nicholson drew upon Adam Smith's ideas in demanding reform in the administrative and political relationships between Britain and her colonies.<sup>65</sup> In Nicholson's opinion, Smith had formulated the most thorough scheme for British imperial union and, while he was disappointed that Smith's plan had not been realized, he believed it would not long be deferred.<sup>66</sup>

Unlike Nicholson, Hobson considered the majority of issues associated with imperial federation comprehensively and fairly despite his strong opposition to any scheme of political unification. Hobson carefully outlined his conception of imperial federation in which he regarded freedom of the constituent members as absolutely essential to the formation of an imperial parliament.

Federation of States in South Africa, as elsewhere, must be of spontaneous internal origin, and must be based upon the clear recognition of a community of interests and feelings, what is called a "union of hearts." Where and when this condition is lacking, no real federation is possible. A scheme of federation imposed as a result of military conquest cannot endure; coming into being by the sword, it will either perish by the sword or collapse from internal impotence.<sup>67</sup>

Hobson maintained that as each colony grew in population and wealth it persistently asserted larger rights of independent government and he accurately stressed that colonies wanted to develop their own natural resources for their advantage and to be guided by purely national as against imperial aims in all important aspects of policy. He greatly welcomed the political diversity of the empire and he appreciated the practical difficulties in formulating a feasible policy of imperial unification. Unlike the majority of the economists, Hobson considered, albeit briefly, the economic factors associated with political unification, arguing that the self-governing colonies would not enter into an association of imperial federation which involved them in large new expenses out of mere sentimental regard for the British empire. He asserted that even if they did join a federation they would be unwilling to pay for the defence of the empire.<sup>68</sup> Hobson was also interested in the manner in which the "new imperialism" had affected the relations between the United Kingdom and the self-governing colonies. In this he extended the customary

arguments for imperial federation, contending that any 'proper' scheme of political unification should include all territories under British control and not simply the self-governing colonies.<sup>69</sup>

J. A. Hobson was the only economist to attempt to present a systematic and thorough treatment of the issues relating to an imperial political federation of empire. This sprang from his concern about the "new imperialism" and his keen interest in international politics. He was the only economist writing in the early 20th century to state what was involved in a true and proper federation of the empire—a federation of all the diverse races and forms of government within the empire and not simply the self-governing ones. All other economists had restricted their analysis to the self-governing colonies. Furthermore, Hobson appreciated colonial sentiments and the national aspirations of the colonies to a much greater degree than most other economists. He predicted, as did Goldwin Smith, that the self-governing colonies would not federate into an imperial union if it involved costs and sacrifices on their part and this prediction was realized with the formation of the present Commonwealth of Nations.<sup>70</sup>

*(b) Imperial Preference*

The external trade policy of the British empire exhibited no unity, a fact which concerned and aggravated numerous people towards the close of the 19th century. As overseas production increased, and the United Kingdom faced foreign competition in her traditional markets and the need to secure the regular supply of foodstuffs and markets for her goods, the cry for the abandonment of free trade increased. To many, this was simply part of a more general design to create a British empire, which would be firmly united by bonds of interest as well as of sentiment. A number of people came to believe that it was in the British empire, especially in the self-governing colonies, that the United Kingdom would find ready and growing sources for her supplies of raw materials and food as well as markets for her products. By the late 1890s Britain was the center of a vastly different empire than that which she had ruled 30 years earlier. These considerations contributed to the protectionist revival in the late 19th century and early 20th century.<sup>71</sup>

Intertwined with the protectionist movement in the United Kingdom in the late 19th century and early 20th century was renewed and enlarged interest in schemes of imperial preference. The question of imperial preferences in the last quarter of the 19th century is difficult to disentangle from the general discussion and pattern of events in the period. The proposals for a preferential system originally came from the self-governing colonies which had already abandoned free trade. The Canadian tariff of 1859 was based upon

protectionist principles. In the 1860s Victoria in Australia had adopted a protective tariff and her example was followed by other parts of the country. Both Canada and Australia had urged the mother country to inaugurate a preferential system and the idea of imperial preference was discussed at the Colonial Conference in 1887.<sup>72</sup>

The previous year, Joseph Chamberlain, the former radical mayor of Birmingham who was then Colonial Secretary, cautiously endorsed the movement for protection. After the Boer War he became the leader of the campaign for an imperial *Zollverein*. Early in 1902 Hicks-Beach, the Chancellor of the Exchequer, innocently introduced into his budget a shilling-a-quarter tax on corn and flour in an effort to meet the war expenditure. In order to establish reciprocity with Canada and thereby obtain a promised increase in preference, the British Government had merely to remit the existing corn duty on colonial products at the next budget, and, if revenue was a trifle short, compensate for the colonial arrangements by slightly increasing the duty on foreign produce. Chamberlain won the provisional consent of the Cabinet to the maintenance of the corn duty and its eventual preferential remission in favor of the British empire. Subsequently, he launched his imperial preference program in Birmingham on 15 May 1903.<sup>73</sup> It was then that the tariff reform debate raged. Economists inevitably became involved in the controversy.<sup>74</sup>

Before noting Hobson's views on the matter, it must be observed that Ashley, Cunningham and Hewins vigorously advocated the adoption of preferential trading arrangements between the self-governing colonies and the United Kingdom. They were most concerned by the rise of foreign competitors and hoped to retain British industrial supremacy and military power by the consolidation of the empire. This, it was hoped, would be achieved by imperial preference.<sup>75</sup>

Hobson undertook an extensive journey through Canada in the autumn of 1905. He recorded his impressions of the dominion in a series of articles in the *Daily Chronicle* and afterwards in a small book, *Canada Today*. Later he wrote that his trip revealed to him the "beginnings of imperial protectionism in the form of preferences which had begun to operate in 1898."<sup>76</sup> In *Canada Today*, he argued that the Canadian preference of 1897 which gave Britain a reduction of  $33\frac{1}{3}$  percent of import duties could not seriously be regarded as the beginnings of an "enduring fiscal policy, still less as the foundation stone of an imperial system of preferential trade."<sup>77</sup> He correctly maintained that the general course of Canadian trade, both import and export, had remained basically the same as before the preference: namely, that the trend was towards the United States. He conceded that the preference did have

some apparent influence in checking the rate of decline in the growth of British as compared with American imports into Canada; however, he argued that the Canadian preference was generally ineffective.

In his brief policy discussion, Hobson demonstrated a keen appreciation of colonial sentiment, especially when he noted that there "was no intention in Canada to allow impediments to be placed in the development of her own rising manufacturers by allowing the free competition either on British or American imports."<sup>78</sup> While he appreciated these sentiments relating to imperial preferential arrangements between Canada and the United Kingdom, Hobson failed to advance any of the theoretical arguments for or against the policy and this task was left to Alfred Marshall.<sup>79</sup>

## VI

### Conclusion

IN RELATION to the other economists, Hobson emerges as the most comprehensive and sophisticated author, even though his ideas appear somewhat muddled. In addition to his thesis about imperial expansion, he wrote on a range of imperial topics and was the only economist to present a systematic and thorough treatment of the issues relating to the political federation of the empire.

Hobson's ideas on empire were well within the British tradition of thinking on the subject. There is a sharp resemblance between his ideas and those of Adam Smith. For example, his thesis about imperial expansion is similar to Smith's "vent for surplus" theory; and, like Smith, he attempted to demolish the belief that there was overall profit in the colonies, claiming imperial profits accrued to special interest groups.<sup>80</sup> He was a firm adherent to, and upholder of Smith's free trade principles. Like Jeremy Bentham and James and John Stuart Mill, he was anxious to demonstrate that Britain's withdrawal from her occupied areas would lead to worse evils.<sup>81</sup> Like Burke, Cobden, Tucker and Goldwin Smith, he feared the possession of colonies undermined Britain's own inner security.<sup>82</sup>

Apart from Hobson, no British economist writing in the period, 1860–1914, undertook a systematic economic analysis of the empire. There are three apparent, if not obvious reasons why there was a general lack of economic analysis of imperial topics. Firstly, the economics of the empire was not one of the primary areas of economic research pursued by the economist during the period. Secondly, as with classical economics, the majority of economists perceived no need for any substantive change in the essential classical aggregative analysis in order to cope with imperial questions. J. S.

Mill's synthesis of classical political economy's theorizing on the empire meant that when economists of a later period turned their attention to imperial issues they had a framework and a precedent within which the problem could be quite easily handled. Thirdly, the very nature of such a diverse and amorphous topic as 'empire,' of itself, hindered the pursuit of rigorous economic analysis. Imperial questions were manifestly neither strictly nor solely economic; they were often linked to public policy issues and practices. The empire was not, or ever had been, a typical economists' subject for which they had an available corpus of theory like other topics. Nor did the majority of British economists display much analytic interest in the empire. Those who were concerned with the empire, particularly the economic historians, argued less from their theoretical apparatus than from their own individual values and personal experiences.

### Notes

1. This is demonstrated by a recent article, W. H. Richmond, "John A. Hobson: Economic Heretic," *American Journal of Economics and Sociology*, 37 (July, 1978), pp. 283-94.

2. J. A. Hobson's *Imperialism: A Study* ran three editions during his lifetime. (1st ed., 1902; 2nd ed., revised, 1905; 3rd ed., revised, 1938). All future references are to the first edition.

3. J. Ramsay MacDonald, "*Labour and Empire*" (London, George Allen, 1907).

4. For a translation of R. Hilferding's *Finanzkapital* (Vienna, 1910), see, D. K. Fieldhouse, ed. *Theory of Capitalist Imperialism* (London: Longman, 1967), pp. 74-84. Also see V. I. Lenin, *Imperialism, The Highest Stage of Capitalism* (New York: International Publishers, 1939).

5. For a general discussion of the matter, see B. Semmel, *The Rise of Free Trade Imperialism* (Cambridge: Cambridge Univ. Press, 1970).

6. See B. Porter, *Critics of Empire* (London: Macmillan, 1968) and P. J. Cain, "J. A. Hobson, Cobdenism and the Radical Theory of Economic Imperialism, 1878-1914," *Economic History Review*, Vol. 31, November, 1978, pp. 565-84. Also see D. K. Fieldhouse, "Imperialism: An Historical Revision," *Economic History Review*, Vol. 24, December, 1961, pp. 187-209.

7. Apart from the author's *British Economists and the Empire, 1860-1914* (London: Croom Helm, 1983, forthcoming), there has been little, if any, substantial discussion of economists and empire in Hobson's period. This is not so for the classical economists, where two comprehensive works exist: R. N. Ghosh, *Classical Macroeconomics and the Case for Colonies* (Calcutta: New Delhi, 1967), and D. Winch, *Classical Political Economy and the Colonies* (London: G. Bell, 1965).

8. These economists include: W. J. Ashley, J. E. Cairnes, W. Cunningham, H. Fawcett, R. Giffen, W. A. S. Hewins, W. S. Jevons, T. E. C. Leslie, A. Marshall, H. Merivale, J. S. Nicholson, J. E. T. Rogers and Goldwin Smith.

The paper does not relate Hobson's ideas to the contemporary theory of imperialism; this is considered a task for future research.

9. On Hobson's life see his autobiography, *Confessions of an Economic Heretic* (London: Allen & Unwin, 1938); N. Brailsford, *The Life Work of J. A. Hobson* (London, Oxford Univ. Press,

1948) and G. D. H. Cole, John A. Hobson: 1858–1940," *Economic Journal*, Vol. 50, 1940, pp. 315–60. On his economics see Nicholas Merkowick, "John A. Hobson's Economics," *Industrial Journal of Economics*, Vol. 23, 1942, pp. 175–85; W. M. Hamilton, "Economic Theory and Sound Reform: Work and Wealth," *Journal of Political Economy*, Vol. 23, 1915, pp. 562–84 and E. E. Nemmers, *Hobson and Underconsumption* (Amsterdam, North-Holland, 1956). Recently two doctoral dissertations have been written on Hobson: A. J. F. Lee, "A Study of the Social and Economic Thought of J. A. Hobson," (University of London, 1970) and J. Townsend, "J. A. Hobson and the Crisis of Liberalism," (University of Southampton, 1972). Also see the recent article by W. H. Richmond, cited above.

10. As Hobson commented, he was, "Born and bred in the middle stratum of the middle class of a middle-sized industrial town of the Midlands. . . .," *Confessions, op. cit.*, p. 15.

11. See Melvin Richter, *The Politics of Conscience: T. H. Green and His Age*, (Cambridge, Mass.; M.I.T. Press, 1964).

12. Hobson was strongly influenced by Spencer in his youth—Hobson, *Confessions, op. cit.*, p. 23. Hobson's first Extension Course for Economics was in 1875, *Confessions*, p. 23.

13. See J. A. Hobson and A. F. Mummery, *The Physiology of Industry* (London: John Murray, 1889).

14. Hobson's attack on an accepted law of orthodox economics brought him the rancor of a diverse range of economists, and lost him two extension lecturing posts. See Hobson, *Confessions, op. cit.*, pp. 30–31; Brailsford, *op. cit.*, pp. 9–10, and T. W. Hutchinson, *A Review of Economic Doctrines* (Oxford: Oxford Univ. Press, 1953), pp. 118–19. Also see J. H. Burrows, "The Teaching of Economics in the Early Days of the University Extension Movement in London 1876–1902," *H.E.T. Newsletter*, Spring 1978, No. 20, pp. 8–14.

15. For a discussion of Hobson's liberal ideology see Michael Freedon, *The New Liberalism: An Ideology of Social Reform* (Oxford: Clarendon, 1978) and Peter Clarke, *Liberals and Social Democrats* (Cambridge: Cambridge Univ. Press, 1978).

16. See, for example, A. W. Flux's review of *The Economics of Distribution* in *Economic Journal*, Vol. 10, 1900, pp. 380–85 and J. M. Keynes' review of *Gold Prices and Wages*, *Economic Journal*, Vol. 23, pp. 393–98.

17. John M. Keynes, *General Theory of Employment, Interest and Money* (New York: Harcourt Brace, 1936), pp. 364–65. Keynes devoted pp. 364–71 to Hobson.

18. See, for example, T. Kemp who argued that "Hobson's book, entitled *Imperialism: A Study*, was written under the direct influence of the South African War," *Theories of Imperialism* (London: Dobson, 1967), p. 30

Interestingly, Winston Churchill, a critic of empire as a Liberal who became its greatest defender as a Conservative ("I did not become His Majesty's first minister to preside over the liquidation of the British Empire") was also a newspaper correspondent covering the Boer War and the experience was also decisive for his vocation, leading him to enter politics rather than concentrate on a writing career.

20. All empire before 1870 had, he argued, come "by separate bits of local improvisation." See Hobson, *Free Thoughts in the Social Sciences* (London: Allen & Unwin, 1926), p. 109.

21. R. Giffen, "Relative Growth of Component Parts of the Empire," *Journal of the Royal Colonial Institute*, No. 6, February 1898, pp. 1–21. See W. Cunningham, *The Case Against Free Trade* (London: John Murray, 1911), pp. 20–3; *Richard Cobden and Adam Smith* (London: Tariff Reform League, 1904), p. 5; *The Secret of Progress* (Cambridge: Cambridge Univ. Press, 1918), p. 11.

22. J. A. Froude, *Oceana* (London: Longmans, Green, 1886).



23. See J. E. Cairnes, "Colonisation and Colonial Government" in *Political Essays* (London: Macmillan, 1873), pp. 53–5; J. E. T. Rogers, *The Colonial Question* (London: Cassel, 1873) and G. Smith, *Empire* (Oxford: John Henry and James Parker, 1863). H. Fawcett in *Manual of Political Economy* (London: Macmillan, 1863) was more concerned with theoretical aspects of e.g. emigration, rather than demonstrating the disutility of empire, see pp. 158–79.
24. See Winch, *op. cit.*, pp. 137–39.
25. Cairnes, *op. cit.*, p. 55; Rogers, *op. cit.*, pp. 251–57; Smith, *op. cit. passim*.
26. See *Imperialism, op. cit.*, p. 76 and "Free Trade and Foreign Policy," *Contemporary Review*, August 1898, pp. 177–79.
27. Hobson, *Imperialism, op. cit.*, pp. 48–50; *The Social Problem, op. cit.*, pp. 86–98.
28. Hobson, *Imperialism, op. cit.*, p. 48.
29. *Ibid.*, p. 50.
30. Hobson, *Wealth and Life, op. cit.*, pp. 370–72.
31. Cairnes, *op. cit.*, p. 313; Fawcett, *op. cit.*, p. 218; Rogers, *op. cit.*, p. 257; Smith, *op. cit.*, pp. 165–79.
32. Most emigrants did in fact, travel to the United States. See I. Forenczi and W. F. Willcox, *International Migrations* (New York: National Bureau of Economic Research, 1929), Vol. I, pp. 627–28, 636–37.
33. See Fawcett, *op. cit.*, pp. 158–79; and my article "Henry Fawcett and the British Empire," *Indian Journal of Economic and Social History*, December, 1979.
34. T. E. C. Leslie, "Trade Theory and Combinations," in *Essays in Political and Moral Philosophy* (London: Longmans, Green & Co., 1879), pp. 371–74; *Land Systems and Industry and the Economy of Ireland* (London: Longmans, Green & Co., 1870), pp. 360–64.
35. W. S. Jevons, *The Coal Question* (London: Macmillan, 1906 ed., edited by A. W. Flux, first published 1865), pp. 220–21.
36. W. Cunningham, *The Growth of Industry and Commerce* (Cambridge: Cambridge Univ. Press, 1882 ed.), p. 201; 1910 ed., p. 884; *The Case Against Free Trade* (London: John Murray, 1911), pp. 1–3; *An Essay on Western Civilisation in its Economic Aspects* (Cambridge: Cambridge Univ. Press, 1900); W. A. S. Hewins, *Hewins Papers* in Sheffield University Library, Boxes Mss. 60–64.
37. W. A. S. Hewins quoted in *The Rochdale Times*, 18.1.1911, *Hewins Papers*, Box Mss., 61c, p. 49.
38. See A. Marshall, *Industry and Trade* (London: Macmillan, 1923), Book 1, Ch. VIII, Sect. 2, p. 143.
39. Rogers echoed this general belief when he wrote that the British emigrant was "the exemplar of the strictest natural selection," Rogers, *op. cit.*, p. 415.
40. Hobson, *Imperialism, op. cit.*, p. 42.
41. For an outline of Cobden's anti-militarism position, see Porter, *op. cit.*, pp. 10–16.
42. Hobson, *Imperialism, op. cit.*, p. 137.
43. *Ibid.*, pp. 135–46.
44. Hobson, *Wealth and Life, op. cit.*, p. 401–2.
45. *Ibid.*, p. 336.
46. Hobson, Part II, Ch. IV, "Imperialism and the Lower Races," in *Imperialism, op. cit.*, pp. 235–304.
47. Hobson, *Democracy and a Changing Civilisation* (London: John Lane, 1931). Cunningham wanted the advancement of all peoples, but he was convinced that Christianity was the only means by which this could be accomplished. He proudly argued that Britain should take up the

- white man's burden all over the world. See Cunningham, *Christianity and Social Poverty* (London: Duckworth, 1910), p. 45.
48. Hobson, *Democracy and a Changing Civilisation*, *op. cit.*, p. 140.
  49. Hobson, *Imperialism*, *op. cit.*, pp. 123, 140, 147–61, 382–83.
  50. *Ibid.*, pp. 310–31.
  51. *Ibid.*, p. 307.
  52. Hobson, "Socialistic Imperialism," *International Journal of Ethics; Imperialism*, *op. cit.*, p. 246.
  53. See Brailsford, *op. cit.*, pp. 26–7.
  54. W. Cunningham, *The Case Against Free Trade*, *op. cit.*, pp. 1–9; *Making the Most of Life*, (London: Society for Promoting Christian Knowledge, 1920), p. 45.
  55. Hobson, *Imperialism*, p. 242.
  56. *Ibid.*, pp. 241, 294–95, 280–85.
  57. *Ibid.*, pp. 245–46.
  58. *Parliamentary Papers*, 13, 1861.
  59. See *Hansard* 3, 1165, p. 1060.
  60. See *Hansard* 3, 199, p. 209.
  61. See J. E. Tyler, *The Struggle for Imperial Unity 1868–95* (London: Longmans, 1938).
  62. See C. A. Bodelsen, *Studies in Mid-Victorian Imperialism* (Copenhagen: Clydendalen, 1924), pp. 205–14.
  63. *Ibid.*, pp. 208, 220–30.
  64. See H. Merivale, "The Colonial Question," *Fortnightly Review*, Vol. 7, 1870, pp. 154–85; R. Giffen, "The Dream of a British Zollverein," *Nineteenth Century*, May 1902.
  65. J. S. Nicholson, *A Project of Empire* (London: Macmillan, 1909), Chs. 13, 16, Conclusion.
  66. For an outline of Smith's plan for imperial federation see D. Winch, *Adam Smith's Politics* (Cambridge: Cambridge Univ. Press, 1978), pp. 146–63.
  67. Hobson, *The War in South Africa*, *op. cit.*, p. 305.
  68. Hobson, *Canada Today* (London: T. Fisher Unwin, 1906), pp. 22–3; *Imperialism*, *op. cit.*, p. 353.
  69. *Ibid.*, p. 358.
  70. Goldwin Smith did not consider the implications of federating with the dependent empire, though he posed the question in his attacks on the imperial federalists. See Goldwin Smith, "The Political Aspects of Imperial Federation," *Saturday Review*, Vol. 83, 20 February 1897, pp. 187–88 and letters to *The Times*, 31.12.1887. Also see, J. A. Williamson, *The British Empire and Commonwealth* (London: Macmillan, 1914) and D. K. Fieldhouse, *Economics and Empire*, (London: Weidenfeld and Nicholson, 1973).
  71. See *Cambridge History of the British Empire*, *op. cit.*, Vol. 2, pp. 224–27.
  72. *Ibid.*, pp. 442–67.
  73. See C. W. Boyd, *Speeches of Joseph Chamberlain* (London: Constable, 1914), Vol. 2, p. 136.
  74. See A. W. Coats, "Political Economy and the Tariff Reform Campaign of 1902," *Journal of Political Economy*, Vol. 11, April 1968, pp. 181–229 and "The Role of Authority in the Development of British Economics," *Journal of Law and Economics*, Vol. 7, 1964, pp. 85–106.
  75. W. J. Ashley, *The Adjustment of Wages* (London: Longmans, 1903), pp. 1–5; W. Cunningham, *An Essay on Western Civilisation in its Economic Aspects*, *op. cit.*, pp. 265–70; *Case Against Free Trade*, *op. cit.*, pp. 49–54; *Christianity and Social Questions*, *op. cit.*, pp. 167–69; *English*

*Influence on the United States*, (Cambridge: Cambridge University Press, 1916), pp. 1–4; *Growth of English Industry and Commerce*, *op. cit.*, 1910 ed., pp. 869–70; W. A. S. Hewins, *Hewins Papers*, Box Mss. 24; *Return to Sanity*, (published anonymously, London: The Patriotic Press, 1924), pp. 1–29; *Tariff Reform and Home Rule* (London: Tariff Reform League, 1912), pp. 12–16.

76. Hobson, *Confessions*, *op. cit.*, pp. 64–5.

77. Hobson, *Canada Today*, *op. cit.*, pp. 64–70, 119–20, 132–4.

78. Hobson, *Confessions*, *op. cit.*, p. 65.

79. See the author's "Alfred Marshall and the Tariff-Reform Campaign of 1903," *Journal of Law and Economics*, Vol. 23, Oct. 1980, pp. 481–495.

80. On the "vent for surplus" see H. A. Myint, "The Classical Theory of International Trade," *Economic Journal*, Vol. 68, 1958, pp. 317–31; "Adam Smith's Theory of International Trade in the Perspective of Economic Development," *Economica*, Vol. 44, 1977, pp. 231–48.

81. See Ghosh, *op. cit.*, pp. 42, 104, 246–68, and Winch, *op. cit.*, pp. 25–38, 61–4, 135–43.

82. See Klaus S. Knorr, *British Colonial Theories*, *op. cit.*, pp. 117–25, 122–34, 166–74, 350–65.

### *Truth, Lawyers, and Principles*

ALL LAWYERS ARE FOREVER CONFRONTED with two questions, two major queries. One is, what is truth? Pilate asked that question, and Branch Cabell has pointed out that he did not wait for an answer. Lawyers must. The other is, what principles am I to follow in the practice of the law, in the effort to realize the rule of law, in the administration of justice in which each lawyer is an officer of the administrative institution, the court.

Plato probably was the first scholar on record to discuss truth. He initially created on high his Theory of Forms which, to him, were the only truths. He then commented that all we could possibly sense would only approximate that ideal and would never achieve it. Thus we live in a shifting, clouded world of ever-changing images; and his famous metaphor of the cave dramatizes the pessimistic, relativistic conclusion that people can never ascertain or know the truth on the basis of sensory experience.

To what extent such a negative epistemology withdraws one from the world of nature into a solipsistic world of ideas, and to what extent law is thereby influenced, are important questions to one and all. For one result of such early monocausal philosophy is to place upon human beings the yoke of dogma, the myth of divine commandments, and the eventual incubus of pure elitism. This, for centuries, has led people into frustrating Sisyphean efforts to remove such burdens.

But lawyers, nevertheless, must act on two bases. They must acknowledge that ultimate truth, final principles—whether they relate to the divine law