Widening The Gap: British Imperialism And The Great Divergence, 1830-1880

John Darwin

'I am aware that the period in which we live is one of the most momentous epochs which mark the progress of our species in the ascending scale of knowledge, virtue and happiness. I believe that England is intimately identified with that progressive perfection and that on the permanent maintenance of her power is essentially dependent the welfare of mankind …that Britain will be the nucleus around which all the nations of the earth will … form themselves in concentric circles in proportion to their advancement in the scale of social bliss'

R.M.Martin, *Colonial Policy of the British Empire* (1837) pp.80ff

I

All dates are arbitrary. But 1830 has some claim to mark the real beginning of the global phase of British imperialism. It ushered in the decade in which migration from the UK regularly exceeded 100,000 persons; in which Britain's arsenal of industrial exports received the crucial reinforcement of machine-woven cloth; and in which British merchants, migrants and missionaries burst their old bounds in Eurasia and the Outer World – in the Middle East, East Asia, Sub-Saharan Africa and Australasia. The heightened sense of universal mission – spiritual, intellectual and commercial – also fuelled the humanitarian upsurge of 'Exeter Hall', and public anxiety over the fate of 'aborigines'. Around 1830, the full implications of becoming a world-wide power began to sink in. It was then that British imperialism ceased to be an affair of colonial patronage and mercantile lobbies and turned instead into a global programme, the 'imperialism of free trade'

II

But what contribution did this imperialism make to the economic transformation of the world in the years between 1830 and 1880. The paradigmatic account was set out fifty years ago by Gallagher and Robinson[1]. Adapting the Leninist history that was influential in pre-1939 Cambridge (visible in the work of Greenberg, Ferns and Norman)[2] they argued that the Mid-Victorian British state had pursued a coherent policy to 'integrate new regions into the expanding economy'. British industrialisation had created a pressing need to open new roads for the British merchant: British governments sought the most economical means of achieving this goal. This was not a matter (necessarily) of annexation or occupation. Instead, 'imperialism' was defined as a flexible instrument, a variable political input whose actual content depended upon the circumstances of place and time, the 'necessary political function' without which economic integration would be stymied. Thus imperialism might mean an active diplomacy of commercial treaty-making in South America, where local interests were favourable to a more open economy. It might mean the 'gunboat diplomacy' that imposed upon China the unequal treaties of extraterritoriality and open ports. At its furthest extreme, it meant the full-scale annexation of India, as the only way of securing the commercial benefits British merchants desired. A crucial buttress to the Gallagher-Robinson model was the argument that many cases of occupation or annexation, of the kind satirised by Disraeli in 1830, had an ancillary purpose. ' "Upon what system," inquired Popanilla, "does your Government surround a small rock in the middle of the sea with

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[1] J.Gallagher and Robinson, 'The imperialism of free trade' *Economic History Review* 1953.

[2] M.Greenberg, *British trade and the opening of China*(1951); H.Ferns, *Britain and Argentina in the 19th century* (1960); E.H.Norman, *Japan's emergence as a modern state* (1940).

fortifications, and cram it full of clerks, soldiers, lawyers and priests?". "Why really, your Excellency," replied his guide, " …I believe we call it the colonial system"'[3]. To Disraeli, the pattern of British acquisitions was absurdly unsystematic. Gallagher and Robinson would not have agreed. The purpose of such rocks was usually to protect British access to more valuable spheres of economic penetration where, as often as not, it was informal influence rather than formal control that assured their openness to British trade. Formal empire in some places made possible 'informality' elsewhere. The 'imperialism of free trade' adopted by the Mid-Victorians was a systematic attempt to apply, encourage and ultimately enforce the prescriptions of Adam Smith upon a more or less reluctant world.

In more recent times, Gallagher and Robinson's 'imperialism of free trade' has been conflated with notions of a British 'hegemony' that lasted into the closing decades of the 19th century, or, in some accounts, in fading glory, until 1914. Much of its appeal derives from the attempt to locate contemporary accounts of American power in an historical sequence, and from the related claim that long periods of economic growth require the exercise of 'hegemonic stability'. Thus British imperialism (in ways that would have gratified Palmerston) has come to be seen as more than the pursuit of British interests. Instead, it served as the guarantor that sea-lanes would stay open, debts paid, defaulters punished and the multilateral circuits of trade and payments kept free from the bottlenecks that would otherwise have compelled resort to protection or autarky. British imperialism was thus more than a matter of gunboats and garrisons despatched to batter down the defences of seclusionist rulers oblivious to the charm of Lancashire cottons. It was also expressed through 'soft' or 'structural' power: the grip on

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[3] Quoted in R.C.Mills, *The colonisation of Australia* (1915), 16.

capital, credit, and information that less powerful states could only ignore at their peril[4]. Through direct and indirect action, as imperial power and international hegemony, Britain (if we accept these accounts) purposefully imposed an economic system through which large areas of the world were more or less forcibly integrated as the suppliers and customers of the industrial core.

Closer scrutiny raises doubts. The directing impulse in the ‘imperialism of free trade’ was supplied by the ‘official mind’ – a rational calculator that selected the best and cheapest means to pursue the national interest. The choice of tactics – influence, intervention, occupation, annexation – was tailored to its calculus of cost and benefit, of the minimum needed to secure a commercial or strategic stake. But in practice British policy was remarkably inconsistent, a series of u-turns and z-bends rather than straight lines. Expansion or intervention was ruled out and then ruled in (as in New Zealand 1838-40). The British frontier was pushed forward and then dragged back (as in South Africa 1842-54), pushed forward again and dragged back even more precipitately (in South Africa 1877-81). Regions whose abandonment was mooted at one moment became scenes of punitive war in the next (The Gold Coast 1865-74). London’s vetoes on annexation were roundly ignored by un-dismissable proconsuls (a frequent occurrence in pre-Mutiny India) who extracted begrudging approval and belated praise. Invasions followed the misreading of telegrams (Afghanistan, 1879). One party’s wars were furiously denounced by their opponents, citing in their turn a different version of the ‘national interest’ (as in Gladstone’s anathema on ‘Beaconsfieldism’ in 1879-80). In reality, then, domestic politics, financial

[4] See A.G.Hopkins, ‘Informal empire in Argentina: an alternative view’ *Jnl of Latin American Studies* 26 (1994) 469-84.

pressures and the uncertainties of frontier warfare made the official mind more a repository of hope than a chamber of decision[5].

This was partly because British imperialism was a more complex and pluralistic phenomenon than the pursuit of trade by political means. Merchant lobbies may have favoured an ‘imperialism of free trade’, but there were other lobbies too. The missionary lobby and its powerful ally Anti-Slavery pressed for intervention not to free up trade but to restrain the activities of predatory Europeans selling drink and buying sex (as in New Zealand) or to protect its converts against despoliation by settlers (as in South Africa). Naval action against the slave trade disrupted commercial traffic (as in Brazil) though not the practice of slavery. Colonization lobbies and their settler offshoots dragged British power into faraway commitments whose economic value seemed small or negative. Frontier wars in the Eastern Cape and New Zealand sucked in thousands of troops and cost millions of pounds. Scientific lobbies, literary publicists and financial speculators created virtual empires whose charms belied the actual reality and turned the barren rocks of the official mind into colonial Edens and alternative Britains. But there were two other obstacles to the efficient practice of economic imperialism.

The first was the reliance of British imperialism upon sub-imperialist agents and their local allies. In principle, this might mean the merchant’s recruitment of indigenous traders and farmers in the effort to open up the local economy to international commerce: the classic scenario of free trade imperialism. In practice it often meant something else. The merchant might find that his comparative advantage lay strictly on the coast and that the inland trade was beyond his grasp. Far from opening it up to aliens and

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[5] For some of these arguments, J.Darwin, ‘Imperialism and the Victorians’ *English Historical Review* 112 (1997) 614-42.

outsiders, the profits of trade might help his indigenous partner(s) to tighten their grip on the interior and reinforce their monopoly on its commercial traffic. Far from acting as spearheads of an ever-expanding foreign presence, the British merchants might prefer to maximise their gains by minimising their risks. They might take refuge in cartels and raise the entry-price for new arrivals, seeking rents more eagerly than trade. Where the sub-imperialist agents were settlers, their instincts were as likely to be protectionist or even isolationist, as free trading or cosmopolitan. Their egalitarian values might cavil against the accumulation of property and the dominance of capital. In 'hybrid' colonies, they might prefer to keep indigenous labour servile and impoverished – underpaid and underconsuming – rather than fatten the profits of merchants and dealers. Military or bureaucratic sub-imperialists rated social and political inertia – 'tranquillity' - higher than economic dynamism. In India – to which we will return – it was doubtful whether the East India 'Company Raj' regarded the opening of India to British trade (apart from its own) as a priority at all.

The second obstacle was the deficit of power. For all the uncritical enthusiasm with which historians and others have embraced the notion of a British hegemony, it remains an historical fantasy. In terms of military power, the British never had the means at the height of their Mid-Victorian ascendancy to assert their will or defend their interests against all or even most comers. In the Near East, where their strategic stake was huge, they were forced to rely upon great power alliances. In North America, they beat a strategic retreat against the menacing advance of settler warlords, and crossed their fingers against a filibuster into Canada. In East Asia, by the 1850s there was a virtual balance of power in which Russia and France constrained British freedom of action[6]. In the 1860s there was no question of intervening in Japan's civil war. In Latin America, the British could blockade for a while, but there was little evidence that their naval power could impose economic change in countries like Argentina, Peru and Brazil where their stake was largest[7]. On a realistic view, the scope of British imperialism was pre-determined not by the plenitude of British power, but by the geopolitical conditions at each end of Eurasia: the military weakness of China and Japan; and the uneasy equilibrium of European politics. In economic terms, British power was arguably more impressive. But it should not be exaggerated. The control of commercial and financial muscle was diffused among competing interests in the City, not concentrated in a Victorian 'MITI'. And if the 'official mind' was given to schizophrenia, it was an open question whether the City had a mind at all: the balance of opinion is negative[8]. In much of Europe, British finance and engineering played second fiddle to French[9]. The volume of British overseas investment was comparatively modest at least until the 1880s. And depending on the criteria, the British had resisted the adoption of free trade until the 1850s, arguably until 1860.

III

All this suggests that the direct application of British power to prise open the markets of the Afro-Asian world was likely to be a slow, muddled and inconclusive process, at least for much of the period before 1880. But before we turn to survey its results, some attention must be given to the

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[6] Disraeli's view. See W.C.Costin, *Great Britain and China 1833-1860* (1937).
[7] See e.g. P.Gootenberg, *Between silver and guano: Commercial policy and the state in postindependence Peru* (1989)
[8] S.G.Checkland, 'The Mind of the City' *Oxford Economic Papers* 1957.
[9] See Rondo E.Cameron, *France and the economic development of Europe* (1961).

wider international economic landscape. For it would be misleading to suggest that British economic interests between 1830 and 1880 were primarily concerned with the commercial penetration of Asia and Africa. For much of the fifty years after 1830, the headline story was the commercial integration not of Afro-Asia but of the Atlantic world. The simplest index of this process is railway mileage, the prime means of reducing transport costs and joining up markets. In 1850 when Europe and North America had 38,000 kilometres of line, Asia, Africa, and Latin America combined had scarcely 400[10]. In 1860, the figure was 105,000 km to 3000. Even in 1880, by which time railway-building had got under way in British- ruled India, the Western countries had, at 339,000 km, ten times the length of the rest of the world put together. As late as 1876-80, Europe and North America supplied three quarters of the exports and bought three quarters of the imports traded round the world[11]. Britain had longstanding connections with Asian and African trade. But it was not surprising that, as the world's largest trader, her pattern of trade broadly reflected the dynamism of intra-Western commerce. The direction of British exports in 1840 showed 40% to Europe, 40% to the Americas, 14% to Asia, 3% to Africa and 4% to Australasia[12]. From the 1860s, the Asian share rose to some 20% (it was much the same in 1900), while that of Africa rose to 5.5% (before the South African gold discoveries). The American share fell back to 25% by 1874/80, while Australasia had risen to over 7%. The European share remained remarkably constant (between 1840 and 1880, it exceeded 40% in 20 years out of 40) reaching 41% in 1900. The result was to drive up the Afro-Asian part in Britain's export trade from 17 % to 25% between 1840 and 1880. In the process,

[10] P.Bairoch, *Victoires et deboires* (Paris,1997), II, 18.
[11] A.G.Kenwood and A.L.Lougheed, *The growth of the international economy* (1988), 93
[12] W.Schlote, *British Overseas Trade 1700 to 1930s* (1952), 158-9.

India became by 1880 Britain's largest single market, on a par with the USA and Western Europe but it was not until the 1890s that the visible trade balance between metropole and colony turned consistently in Britain's favour.

If we turn to capital exports, the picture is different, but not dramatically so. In 1865, calculates Irving Stone, Europe was the main destination for British investment. In the mid-1870s, it was supplanted by North America. There had been flurries of interest in South America in the 1820s (aborted by default) and in the 1870s, but the real impetus came from the mid-1880s. Asia ranked briefly on a level with Europe in 1865-69, because of railway-building in India, but investment slackened thereafter until the later 1880s, and the investment boom of 1895-9, when Asia led all the other continents as the destination for British capital[13]. As is well-known the great bulk of British investment beyond Europe after 1870 was directed to countries of 'recent settlement', chiefly the US, Canada, Australasia, Argentina. The cumulative total of British investment in India by 1880, using Stone's figures as a guide, was between £70m and £80m. If we adapt Sevket Pamuk's procedure and use exports and foreign investment per head as an index of a country's overall exposure to foreign economic influence, the comparative modesty of the British effort to transform India becomes all the more obvious[14]. In 1880, India's population was c250 million; its exports by sea were worth £53 million (1876-80) or less than 2/- per head; foreign investment was perhaps £80 million, or 6/- per head. In Canada, (to draw an obvious contrast) a population of 4 million had exports of around £5 per head in 1880, and (using Stone) around £40 m of British investment or £10 per head.

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[13] I.Stone, *The Global export of British capital 1865-1914* (1999), 19-20.
[14] See S.Pamuk, *The Ottoman Empire and European Capitalism*(Cambridge, 1987) , ch 7.

Three points emerge from this brief overview. Firstly, British imperialism in Africa and Asia had to compete for resources with other and usually more favoured competitors in the US (a neo-Europe par excellence) as well as in the temperate colonial and semi-colonial world. Merchant lobbies might agitate periodically for a forward policy in China or Africa, but their size and weight before 1880 was comparatively puny. The Foreign Office could brush them aside in China in the 1870s[15]. The great exception was India, mainly because it had become the largest market for Britain's largest export region, which was heavily represented in the British Parliament. Secondly, the deeper penetration of British trade and capital into Afro-Asia followed after the commercial integration of Europe, North America and outliers like Australia. This was bound to influence the shaping of Afro-Asia's colonial states and economies and would help determine their prospects. Thirdly, with low levels of foreign investment (very low or minimal before 1860) and relatively low levels of foreign trade to be taxed, building the colonial state depended on the extraction of the agricultural surplus – an arduous task with heavy implications for collaborative politics. Where this surplus was lacking, or where there was no system to collect it, and where trade could supply no revenue from customs, a colonial state could only exist if the home government would meet its costs. In the British case, the exceptions from the rule of colonial self-sufficiency were rare and brief.

IV

With these preliminaries, we can turn back to the question of how far British use of formal or informal imperialism between 1830 and 1880 created

[15] See N.Pelcovits, *The Old China Hands and the Foreign Office* (New York, 1948)

colonial or semi-colonial states that promoted a distinctive pattern of economic development: different from the practice of contemporary indigenous states (with the exception of Egypt); skewed towards the enlargement of the export-import sector and increased dependence upon international markets. For formal imperialism, the most obvious case is India.

India appears as a classic example of a colonial state geared to the fashioning of a colonial economy. From a producer of textiles, it became a consumer, the largest consumer in the world of British cottons. Once 'opened-up' by railways, it became a prime source of colonial-style commodities: raw cotton, jute, indigo, tea and later wheat. It became a major debtor to its metropole, not only for the loan-costs of railway construction (guaranteed on the credit of the Indian taxpayer), but also for the costs of its defence (a term very broadly construed in Anglo-Indian practice). It was debarred from protective tariffs. Its monetary policy was governed by its international obligations. But we should not rush this fully colonial India into premature existence. For much of the period between 1830 and 1880, India fitted poorly into the ideal-type of colonial 'development-state'. Until 1860, it was more like a conquest-state, obsessed with security and hooked on expansion. It maintained a huge army that ate up its revenues. Its constant wars of enlargement were frowned on in London, as a threat to its solvency. They were justified on safety grounds but may have owed more to the militaristic ethos and career-building instincts of the soldiers and bureaucrats who served the 'Company Raj'. Its largest export until the 1880s, a government monopoly, and (at 17%) a principal source of public income, was opium[16] (in 1860/1, land revenue made up 43%, opium 17%), sent not to Europe but to China. Before 1860, its record in infrastructure was

[16] D.Kumar (ed) *Cambridge Economic History of India* II (Cambridge,1982), 844, 916.

lamentable. To a select committee of the House of Commons, the Company chairman was forced to admit that out of an annual revenue of £20 million a year, the Indian government had spent between 1834 and 1848 no more than £1.4 million – O.5% of the total - on ‘improvements’ (the committee had transport in mind)[17]. The result, the committee asserted, had been to hold back the tendency for India’s raw cotton to be sent abroad rather than processed at home. Despite the formal end of the Company’s trade monopoly in 1813, it was widely suspected of giving favourable credit terms to India-based merchants at the expense of their UK-based competitors[18]. Not until 1851, and the chartering (more by oversight than intent) of the Oriental Banking Corporation was a British exchange bank allowed to operate in India. The delay, alleged a vehement critic, had brought on the commodity speculation that had caused the crash of the agency houses in 1829-32[19]. In all these ways, the Company state acted less like the instrument of the imperialism of free trade than a giant vested interest on behalf of its resident ‘managers’, whose main concern was to maximise their incomes and remit them home.

The Mutiny destroyed the Company state. In its successor, the control exerted by Parliament through the Secretary of State was meant to be stronger. The new Raj was civilianised. The insatiable annexationism of the Company state was stopped in its tracks. The Company army was cut down to almost half its pre-Mutiny size. Under pressure from London, the government of India embarked on a spending spree of railway construction. To attract investors, they were guaranteed a return out of government

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[17] PP Eng.1848-9, IX, *Report of the Select Committee on the Growth of Cotton in India* p.307.

[18] A.Redford, *Manchester Merchants and Foreign Trade 1794-1858* (Manchester, 1956), p.125

[19] A.J.Baster, *The ImperialBanks* (1931), 101-03.

revenues regardless of the commercial performance of the railways themselves. In other respects, the new regime showed a strong developmental bias. A series of great irrigation schemes transformed the Punjab into a model sub-colony, opening vast tracts of arid land to cultivation and attracting new colonists from other parts of India. A forestry department was created, to conserve and exploit the Indian forests. In the localities, more revenue was raised to pay for infrastructure and regulation. As a result, India's exports that had risen from Rs 79 million in 1834 to RS 253 million on the eve of the Mutiny, had reached over Rs 800 million by 1881. But the Civilian Raj also used the brake. The shock of revolt made it much more cautious about promoting socio-economic change in the countryside. It continued to depend heavily upon land revenue (40% of receipts in 1870-71) and upon the collaboration of the rural elites who helped to collect it. It tended increasingly to buttress its indispensable rural allies by barring the free sale of land outside the cultivating castes. Under the post-Mutiny settlement, it was forced to maintain a British garrison that was three times as big as before, a heavy burden on its revenues, and a fierce constraint upon 'inessential' spending. The sterling cost of 'renting' a large fraction of the British Army, and hiring the services of the administrative elite that governed the Raj, rose steadily in the later 19th century as the exchange value of silver declined. By the early 1880s, when the first coordinated political movement appeared to challenge the authority of the Civilians, there were already signs that the development state had drifted into the siege mentality of the 'safety first' state. It was fearful of increasing the tax burden. It shrank from any action that might have encouraged an entrepreneurial culture in the rural economy. It discouraged the immigration of Europeans. It did almost nothing to raise the level of literacy. It showed no interest, if anything the reverse, in breaking down the divisions between religion and caste, or between caste Hindus and untouchables. Meeting their imperial tribute (paying for India's own army, available for imperial service, and the British garrison of 75,000 men meant that India met the costs of two thirds of the Empire's standing army in peacetime) and upholding their own political control, had become the overriding objects of the Indian Civilians. A new sub-imperial vested interest had replaced the old. On the (London) British side, while Lancashire interests continued to press for new railway building to carry textiles ever deeper into the sub-continent, for the government in Whitehall it was India's utility as an adjunct to their military power that was its prime importance.

The full-blown colonial state thus had an ambivalent attitude towards the market integration to which the imperialism of free trade was supposedly dedicated. But what about its less formal counterpart: semi-colonialism or informal empire? Perhaps the absence of the kind of security concerns that inhibited British rule in India made informal imperialism the superior technique except where collaborators were absent or scarce. In much of the literature that followed in the wake of Gallagher and Robinson, the 'efficiency' of informal empire as a mechanism for commercial penetration was taken for granted. If anything the problem was that the rapid seduction of indigenous collaborators into the new oceanic economy would destabilise their polities and create regimes of dependence all too vulnerable to a sudden fall in commodity prices and a sudden rise in their level of debt. The classic case was Egypt where a modernising state, the rapid conversion to a commodity-based economy and an enthusiastic programme of infrastructure building led (or so it seemed) to financial bankruptcy, internal revolt and foreign occupation by 1882.

Egypt may have been unusual. If we look at two other theatres where the British engaged in informal imperialism, the extent of both commercial and political penetration by 1880 was far more limited. In West Africa, the British had traded alongside other Europeans since the 16th century, chiefly in slaves. After the trade's abolition in 1807, its main substitute in 'legitimate commerce' was palm oil. But while the volume of trade rose steadily there was little sign that it had enlarged the scale of British influence or promoted the emergence of commercial states along lines of which Adam Smith would have approved. Europe's demand for palm oil seems to have enlarged the number of small cultivators in the forest zone, and to have made it easier for new local entrants to gain a footing in the trading states of the Niger Delta – at some cost in political conflict[20]. The British posted a naval squadron and a handful of consuls (including Richard Burton) to watch for slaving, and occupied Lagos in 1861 to help police the coast. But British merchants had neither means nor motive to create their own commercial networks in the interior and were barred from doing so by indigenous states like Ashanti (raided but not conquered in 1873-4) and the 'middlemen' of the Niger valley. Indeed some of them, as Martin Lynn has recently shown, were content to tack up and down the coast extending credit in exchange for 'pawns'- hostages – barely setting foot on the African shore[21]. The steamship, which arrived in the early 1850s, drove down transport costs and allowed more British merchants to set up on the coast. But it was the sharp fall in prices in the 1870s that exposed the limitations of a commercial relationship to which West African rulers and merchants had hitherto adapted with considerable adroitness. When intervention came, as it did in the shape of George Goldie's Royal Niger Company, it took the form of an Afro-European hybrid: a quasi-state that used military force (Goldie used to

[20] The classic account is A.G.Hopkins, *Economic History of West Africa* (1973), ch 4.
[21] B.Wood and M.Lynn (eds), *Travel, trade and power in the Atlantic1765-1884* (2002): John Langdon: Three voyages to the West Coast of Africa 1881-84.

try out the cannon he bought in his office in the Strand), levied taxes, imposed a monopsony, and enjoyed diplomatic protection against rival Europeans[22]. The Company's life was short. But its policy suggested that it was more concerned with the capture of the commercial rights of rival African polities than with transforming the economy in its sphere of operations. Continuity plus cannon might have been its motto.

The second example is China. Here under the unequal treaties of 1842 and 1858-60, British (and other Western) merchants enjoyed privileges denied them in West Africa. In the treaty ports – 5 originally, 40 by the end of the century – they were exempt from Chinese jurisdiction and taxation. Goods shipped in paid one duty only and could be sent to another treaty port without a further levy. From 1854 onwards, the customs service, formally under Chinese authority, was superintended by Europeans specially recruited in the West. China's coasts and rivers were patrolled by a flotilla of British gunboats, and a garrison in Hong Kong (with reinforcements in India) was available to protect the scattered communities of Western merchants or (if too late) to punish their attackers. British policy aimed not at the conquest of China, nor its imperial incorporation – rejected as impossibly burdensome – but at persuading (if need be compelling) the government in Peking to accept Western-style diplomatic relations, offer effective protection to Western merchants in the Chinese interior and (by the 1890s) to grant concessions for railways and suppress the provincial octrois, the likin or transit tax. Up to 1880, however, the achievements of this informal imperialism were limited. The Ch'ing government was preoccupied with crushing the great mid-century rebellions, and its strategy for doing so had the unintended consequence of mobilising the provincial gentry. Its own

[22] See J.Flint, *Sir George Goldie* (1960).

policy of ‘self-strengthening’ was aimed not at entering the world market in cooperation with Western merchants, but substituting its needs for modern weapons by building local arsenals and warships. For their part, Western merchants found that while they had a comparative advantage in oceanic trade, Chinese merchant networks were far too strong to let them move inland without the help of compradors[23]. Commercial uncertainty, the currency problem, the lack of exchange facilities, and the distance from European markets made mortality high among the European houses. Between 1867 and 1886-90, the value of Chinese exports scarcely rose at all (the fall in the value of silver may have been a factor). In 1867 they stood at £19m[24]; in 1882-86 at £19m[25] and in 1886-90 at £21.4m[26]. The largest centre of Western trade on the China coast, Shanghai, had scarcely 2000 Western inhabitants. Far from being the dynamic champions of free trade capitalism, the British merchants in China struck a visiting journalist as lethargic and defensive, content to rest on their bunds while their trade stagnated.

V

It would be wrong to imply that the foreign trade of Afro-Asian states stood still in the forty years before 1880. On the contrary. We have seen that their share of British trade rose significantly in this period, although, *as a share*, it seems to have stabilised in the 1860s. The more important point is the limited achievement of Mid-Victorian imperialism in both its formal and

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[23] See F.E.Hyde, *Far Eastern Trade* (1973); Y.P.Hao, *The Commercial Revolution in 19th Century China* (1986), 339-40.
[24] H.B.Morse, *Trade and Administration of the Chinese Empire*(1908) p.285.
[25] G.C.Allen and A.G.Donnithorne, *Western Enterprise in Far Eastern Economic Development: China and Japan* (1954) p.252
[26] G.Chisholm, *Handbook of Commercial Geography* 5 ed. (1904).

informal modes, as an instrument of political, economic and social transformation. Of course, the Company Raj in India proved a more durable and resilient system for sub-continental rule than the Mughal empire. But its promethean touch in socio-economic life was doubtful to say the least. Work by Bayly and Washbrook[27] points instead towards a long depression in pre-Mutiny India, partly induced by the centralisation of revenue and the decline of many centres of princely consumption. Only after 1860 was this offset by the spread of railways and commodity production. In West Africa, European merchants could enlist local cooperation partly by the offer of credit –'trust'. African producers responded vigorously to the opportunities of legitimate trade. But there was little evidence that West African economies were becoming more permeable to outside agents and influence, or that indigenous systems of property or labour had been adapted sufficiently to permit (for example) the construction of railways or the emergence of banks. In the Chinese case, while the West could inflict periodic humiliation on the Ch'ing state, cultural and commercial resilience, the barriers of language and currency, and the long tradition of an imperial state walled in the foreigner in his treaty port and settlement. Nor for all its jaunty tone was Mid-Victorian Britain such a powerful engine for economic change abroad. Down to the 1870s, it resembled an empire of bridgeheads, marching willy-nilly into islands and continents, with little effort at coordination between the sub-imperialist fragments or their backers at home. With slow or inefficient communications, and limited means of transforming their environments, they were bound to accommodate to local conditions and to evolve a distinctive localised outlook often at variance with opinion in Britain. The 1880s mark a

[27] See C.Bayly, *Rulers, Townsmen and Bazaars* (1983); D.A.Washbrook, 'Economic depression and the making of 'traditional' society in colonial India 1820-1855' *Trans. Roy.Hist.Soc.* 6s, III (1993) 237-264.

phase of transition. The speed, density and reliability of steamship, railway and telegraph routes transformed the sense of global geography and the ease of access to hitherto 'remote' regions. The growing volume of capital for export eased the foreign exchange bottlenecks that had hindered the integration of new markets[28]. The rapidity with which large funds could be mobilised through the Stock Exchange (stimulated by the speculative manias of the 1880s and 1890s) or redirected from one enterprise or region to another, transformed the capacities of once-fragile bridgeheads, and the lobbying power of their backers at home. The surging volume of international trade paid for the high tide of colonial state-building in the two decades before 1914. In Latin America, West Africa and China, the promise of the imperialism of free trade was about to be fulfilled. Or so it seemed.

[28] See League of Nations, *The Network of World Trade* (Geneva, 1942).