Some Economic Results of the Civilizing Mission

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Abstract

This paper proposes three tasks. It briefly delineates the character of the civilizing mission and the interests it served, especially the colonization of Asia and Africa. In addition, the claims of the civilizing mission *and* the neoclassical theory of trade are tested empirically by comparing growth rates of sovereign countries and colonies, and of colonies before and after they gained sovereignty. Finally, we offer a quick review of the changing dynamics of the global economy as goods which were hitherto non-tradable become increasingly tradable.

"*There was nothing left for us to do but to take them all, and to educate the Filipinos, and uplift and civilize and Christianize them, and by God's grace do the very best we could for them, as our fellow-men for whom Christ also died.*"

William McKinley (1899)[1]

There exists no general history – at least one that is available in the English language – explaining the origins, sources, language, uses, and variations on the theme of the Civilizing Mission, the central myth that Europe[2] has employed to misrepresent its depredations around the globe, starting with the Spanish conquests in the Americas.[3]

However, even in the absence of such a general history, some general propositions regarding Europe's Civilizing Mission can be advanced safely. By its nature, the Civilizing Mission demands a protagonist who is superior to his subject, beyond the advantage of brute force. This superiority has been variously located in divine choice, genes, climate, institutions, and attributes of the mind. In the past, most European thinkers have preferred to locate the basis of Europe's cultural advantage in race, biologically construed, and certainly, by the nineteenth century, this form of racism had became the dominant mode of constructing European superiority.

The construction of European superiority proceeded along two tracks. Along the first track, European thought seeks to endow Europeans with special attributes or they are shown to possess

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1 Ralph Raico, *American foreign policy: The turning point, 1898-1919, part 3* (Fairfax, VI: The Future of Freedom Foundation, April 1995). <http://www.fff. org/freedom/0495d.asp>

2 Europe here means primarily Western Europe and its overseas offshoots.

3 The nearest work to such a general history is Samir Amin, *Eurocentrism* (New York: Monthly Review Press, 1989). In addition, Michael Adas, *Machines as the measure of men* (Ithaca, NY: Cornell University Press, 1989) discusses how Europe's growing mechanical superiority produced its racism.

these attributes in greater abundance. The characteristic European attributes are individualism and rationality. The first produces the striving for freedom, courage, heroism, sainthood, ambition, industry, diligence, enterprise and great works of art; the second produces values that support a higher social order, superior governance, bureaucracies, economic growth, cathedrals, harmonies, and rational thought, including philosophy, sciences and mathematics.

On an equal scale, along a second track, European thought has engaged in the task of denigrating, dehumanizing, and even bestializing the Other. The extra-European world is inhabited by humans lacking in individuality and the powers of reasoning. Lacking individuality, the extra-European man is deficient in all those positive virtues that underpin Europe's social and political order. Generally, this means that the extra-European man must be defined by negatives: he is a shirker, his wants are limited, he is not driven to excel, his work is sloppy, he is not inventive, he cannot be trusted, he has no self-worth, he does not value freedom, he is cowardly, he lacks generosity, and he will not risk his life for his freedom.

Similarly, the weak reasoning faculty of extra-Europeans produces a second set of negatives. A variety of European thinkers have described him as pedantic in his thought processes and unable to produce metaphysical works; his religion rarely rises above the merely superstitious; he works with simple tools, which he never seeks to improve; he lacks forethought and, therefore, cannot undertake great projects or create complex institutions; he lives under despotisms, which fail to protect property rights, and, therefore, trap his economy at primitive levels of productivity; and although he has not developed technology, he is incapable of formulating abstract, mathematical theories. In short, extra-European societies after their initial achievements, have remained dormant, superstitious, primitive and despotic.

Once these opposites types – the European and extra-European man – have been fully delineated, there are three possible relations that can develop between them. The extra-Europeans could be left alone; they could be ethnically cleansed, hunted down and exterminated; or they could be improved by opening them to unrestricted commercial contacts with superior Europeans, and if necessary these contacts could be established by force.

The choice among these options was clear. Clearly, the extra-European societies could not be left alone to vegetate; that would be an unconscionable waste of labor and resources. It would be preferable to push the natives off their land or kill them off; at least, this would free their resources for improvement. The third option was the best. It allowed Europe to improve the labor *and* resources in the extra-European societies. However, if the natives were to resist improvement, as they did in the Americas, they could be decimated and their lands appropriated for improvement.

By the nineteenth century, nearly all of Europe's great thinkers had bought into the paradigm of the Civilizing Mission. Even Karl Marx and Friedrich Engels were not exempt from its baleful influence; and they were among the most radical and compassionate of European thinkers in their times. They located the Orient outside the historical process which they had constructed to explain the transition of Europe from one historical stage to another. In the Orient, a despotic state owned all the land because it was forced – by the arid or semi-arid conditions prevailing there – to erect and maintain large-scale hydraulic works upon which all agriculture depended. In the absence of private property, the Asiatic societies lacked the dialectical tension – between opposing classes – which produce social change. The Orient, therefore, had no real history other than the history of successive despotisms imposed upon an unchanging social base. In *The Communist Manifesto*, Marx and Engels refer to the Asiatics as “barbarians,” “semi-barbarians” or “nations of peasants.” On the other hand, the bourgeois societies of Europe are “civilized.”

The theory of Asiatic Despotism provided the grandest justification yet for the Civilizing Mission. By destroying the despotic Asiatic states, by reconstituting Asian societies on the basis of private property, and by integrating their archaic economies into world markets, the colonial powers were effecting – as Karl Marx put it, when talking of the destruction of India’s self-sufficient villages – “the only *social* revolution ever heard of in Asia.”[4] Indeed, Karl Marx believed that by constructing a network of railways in India, the British were also laying the foundations of modern industry. It would be impossible to create an extensive network of railways without calling into existence an industrial sector supplying its need for coal, iron ore, steel and heavy machinery.

The orthodox economist’s justification for colonialism is not as grand because his requirements for growth are minimal. Since Adam Smith first formulated them in 1755, economic growth occurs naturally once three conditions are present: “peace,” “easy taxes,” and “a tolerable administration of justice.”[5] Alternatively, governments establish law and order: markets do the rest. Since the despotic governments in the backward societies of Asia and Africa

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[4] Robert C. Tucker, ed., *The Marx-Engels reader* (New York: W. W. Norton and Company, 1978): 657.

[5] Adam Smith, *An inquiry into the nature and causes of the wealth of nations*, ed. Edwin Cannan (London: Methuen and Co., Ltd. 1904). <http://www.econlib.org/library/Smith/smWN0.html>.

are incapable of protecting persons and property rights, this can only be provided by the intervention of Europeans. In other words, the colonization of extra-European societies is indispensable if they are to join the civilized world.

Few projects for the improvement of the 'inferior races' were taken up as eagerly, or implemented with the same degree of enthusiasm, as Europe's Civilizing Mission. Over the course of the nineteenth century – starting earlier in some places – the Europeans colonized much of Asia and Africa, integrating them into global markets under governments run by the most capable men drawn from the best European stock. Although the Ottoman Empire, China, Iran and Thailand were allowed to retain indigenous rulers, they lost their ability to control their external economic relations. Under 'Open Door' treaties, they were forced to set very low tariffs, disband state monopolies, eliminate restrictions on foreign investments, and exempt Europeans – and their local protégés in the Ottoman Empire – from local courts and local taxes. In other words, directly and indirectly, Europe had subjected nearly all the extra-European societies of the world to its Civilizing Mission.

While the classical economists had little luck – outside of Britain, and that too, only after the 1840s – in persuading the sovereign governments in Europe, the Americas and Oceania to unshackle the invisible hand, their vision of free markets was implemented in nearly its entirety by the colonial governments in Asia, Africa and the Caribbean. The colonies practiced free trade, with some preferences granted to the metropolitan country; they opened up the colonies to foreign capital; they established the strongest safeguards for private property; they ran small, 'efficient' governments that were always dedicated to balancing the budget; and they strictly kept the government out of productive activities. Barring

Japan after 1910, the Asian countries that escaped colonization were forced into signing Open Door Treaties, which integrated their economies into global markets. I will refer to them as quasi-colonies (QCs). Indeed, the World Bank and IMF would have been out of work in the QCs and colonies (together, QCCs); their agenda had been fully implemented by the colonial governments in Asia, Africa and the Caribbean.

The sovereign lagging countries in the period under review – the century preceding 1950 – paid scant regard to the canons of economic orthodoxy; most were heartily mercantilist in their pursuit of economic development. They freely imposed tariffs, operated state-owned development banks, set up industries in the public sector, ran budget deficits, placed restrictions on the entry of foreign capital, regulated their exchange markets during the Great Depression, and when in trouble they repudiated foreign debts.[6] Now that's sovereignty at work!

There can be little ambiguity about the prognosis – based on the Civilizing Mission and orthodox economics – about the relative economic performance of the QCCs and the sovereign lagging countries during the colonial epoch. The QCCs were devoted acolytes of orthodox economic policies; the sovereign lagging countries stood at the other end of the policy spectrum, invoking all the tools of economic intervention to promote indigenous industry, capital and technology. The colonies could boast of a second advantage. Unlike the sovereign lagging countries in Latin America and Eastern Europe, never reputed for their good governance, the British, French, Dutch and American colonies had the advantage of

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[6] See M. Shahid Alam, *Poverty from the wealth of nations* (Macmillan: 2000); 111-115. These sovereign countries were located in Europe, North America, (including Mexico after 1910), South America, Japan and South Africa.

being governed by the very cream of Europe's brew of superior races. On the strength of these advantages, we can safely conclude that the QCCs must have outperformed the sovereign lagging countries in the heydays of the Civilizing Mission – the century before 1950.

Average Annual Weighted Growth Rates of Per Capita Income: 1900-1992

Growth Rates	*1900-1913*	*1913-1950*	*1950-1992*
Sovereign Countries	1.61	1.34	2.58
QCCs	0.50	-0.27	2.96
Share of World Population (%)	*1900*	*1913*	*1950*
Sovereign Countries	19.9	22.5	22.1
QCCs	50	49	48

All the statistics we need to check this prediction are contained in a single table that presents the *weighted* average annual growth rates of per capita income for QCCs and lagging sovereign countries for three time periods, 1900-1913, 1913-1950 and 1950-1992.[7] The qualifier 'lagging' refers to countries whose per capita income in 1900 was 66 percent or less of the US per capita income; this keeps our sample of countries relatively homogeneous in their economic characteristics. We have growth rates for 12 QCCs in the first period and 13 QCCs in the second and third periods. Although this sample appears small, the QCCs included are the largest in this category, and together their combined population in the three periods is only slightly less than three-fourths of the

[7] The data in this table are from Angus Maddison, *Monitoring the world economy*, 1820-1992 (Paris: OECD, 1995).

total population of all QCCs. The average growth rates for the sovereign lagging countries are based on 18 observations in the first period and 22 for the second and third periods.[8]

The story these numbers tell is both strange and true: the bad boys were winning the growth derby. Over the first half of the twentieth century, the illiberal, protectionist, debt-repudiating sovereign countries resoundingly trumped the free-trading, budget-balancing, law-and-order QCCs, many of them placed under the direct care of the world's best masters. Over 1900-1913, the sovereign lagging countries outperformed the QCCs by a factor of more than three-to-one. Over the next thirty-seven years, which included two world wars and a depression, the per capita income in the QCCs declined by 10 percent while the sovereign lagging countries notched an increase of 64 percent in their per capita income. For the half-century, 1900-1950, the per capita income of sovereign lagging countries grew at the average annual rate of 1.43 percent, while the QCCs *declined* at the rate of 0.08 percent.[9]

A comparison of the *mean* average annual growth rates for the sovereign lagging countries and the QCCs yields similar results. The mean growth rates for the sovereign countries over 1900-1913 and 1913-1950 were 1.67 and 1.34 percent; the corresponding growth rates for the QCCs were 0.81 and -0.02 percent. In addition, over the first period, only three of the 18 sovereign countries grew at rates below the mean growth rate for the QCCs; over the second period, there was no sovereign country which grew at a rate

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[8] For a list of these countries – mostly in Eastern Europe and South America – see Alam (2000): 188-9.

[9] Alam (2000): 189.

below the mean for the QCCs. The differences in the growth rates for the two sets of countries are large and systematic.[10]

At this stage, the orthodox economists are likely to blame the QCCs for their poor growth record. There was nothing wrong with the Civilizing Mission or orthodox policies; together, they could not turn these countries around because of the intractable barriers to growth presented by their culture, religion and race. The negative impact of these barriers had to be very strong indeed, much stronger than the dual advantage of their orthodox policies and superior governance. Is there a way to disprove this bunkum?

Thankfully, we have the numbers that will do this – the numbers in the fourth column of our table. In the forty-two years after 1950, the terminal point for the colonial period, the former QCCs begin to turn a new leaf. Suddenly, out of the bog of economic decline they sprint into the territory of rapid growth. From a weighted average annual growth rate of -0.27 percent over the previous thirty-seven years, they are now bounding at nearly three percent per annum, even outpacing the old sovereign lagging countries who grew at 2.58 percent per annum. What happened to all the 'tenacious' barriers to growth that had held them back for centuries? Did they suddenly vanish in 1950?

The apologists of orthodoxy are unlikely to pass up a third ar-

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[10] If we use regression analysis to control for two determinants of growth, viz., initial per capita income and adult literacy rates, the sovereignty differential in growth – the growth advantage enjoyed by sovereign countries over QCCs because of their sovereignty – for our sample countries is 1.60 percent per annum over 1900-1950. In addition, the interested reader may check out Alam (2000: chapter 6) for additional results on sovereignty differentials in levels of export orientation, industrialization, adult literacy rates and years of education in the labor force – all estimated for the year 1960. The sovereignty differentials for each of these variables are very large, statistically significant and robust.

gument. The accelerated growth in the former QCCs, they might argue, had nothing to do with their new sovereignty; this was a period of rapid growth for *all* countries. Yes, but this can not save the day for them. With their 'tenacious' barriers to growth still in place, the growth record of the QCCs would still lag behind that of the old sovereign lagging countries; but now the reverse was true. There is an additional problem. Since the former QCCs had decisively abandoned their orthodox policies, this should have worked to nullify the improved growth conditions, leaving them with little or no growth as before.

That leaves us still looking for answers. Is it possible, just possible, that the long-stagnant QCCs turned into growth sprinters in the 1950s because they had repatriated Europe's Civilizing Mission and they were now free to choose the 'wrong' economic policies? Over much of 1950-1992, the former QCCs in our sample engaged in economic planning, undertook public investments in infrastructure and industrial activities, operated overvalued domestic currencies, rationed foreign exchange, imposed protectionist tariffs, established development banks in the industrial and agricultural sectors, sold under-priced utilities to their new industries, sought to keep out foreign investments, etc. Indeed, some of them were assisted in their planning exercises by economic experts from the US Agency for International Development. Is it possible that these 'wrong' policies were right for economies that had been underdeveloped by the Civilizing Mission and its orthodox policies?

Are these numbers going to bring some humility to the unctuous purveyors of European Civilization? Will they now admit that the Civilizing Mission failed the peoples of the QCCs, humiliating them and holding them back for centuries? Will they admit that all this was just a cover for Europe's true business in the colonies, which was to open them up to manipulation for the benefit of its privileged classes? Will this admission then be followed by contrition, by calls for compensatory adjustments in the global system so that the transfers can now flow in the opposite direction – from the rich to the poor countries?

The purveyors of ideologies are not defeated by contrary facts. In the surrealist world of economic orthodoxy, if the facts fail to support established theory that is too bad for the facts. The theory reigns supreme. The ideologues stop peddling their merchandise only when their paymasters are defeated. For a few decades after the Second World War, their capitalist paymasters had been checked, put on notice. This was the result of two self-mutilating wars amongst the colonial powers, the offspring of rivalries between the old and aspiring industrial powers. In turn, this produced anti-capitalist regimes in two major countries – Russia and China – and national liberation movements in all the colonies and quasi-colonies. Together, these developments seriously weakened the centralizing powers of the capitalist system, its ability to concentrate power in a few European centers.

This retreat of global capital opened up a window of opportunity for countries at the Periphery. Quickly, the former colonies took matters into their own hands – protecting manufactures, creating development banks, restricting foreign ownership, offering better technology to farmers, investing in utilities and infrastructure, and opening schools. In other words, the QCCs – together with Latin America – sought to create economic and political arrangements that would allow them to resist the centralizing power of Core capital. Thus was created the Third World, an intermediate economic zone between the capitalist Core and the Communist sphere, often seeking advantages from one or both by playing them off against each other. The creation of the Third World produced some striking results: many of the long-stagnant former QCCs began to advance, industrialize and develop an indigenous capitalist base. Understandably, Core capital did not look too kindly upon the nascent centers of capital developing Third World.

Although checked, the capitalist Cores – now led by the United States – were constantly seeking to restore the centralizing tendencies of the capitalist system through the covert activities of their intelligence agencies, foreign aid, military assistance and training programs, economic advisers, and the steady penetration of Third World economies by Core capital. Success came sooner than any one had expected, in the early 1980s. It came at a time when the Third World, seemingly at the height of its power, was pressing its demands for a New International Economic Order.

The oil crisis of 1973 provided the trigger that shifted the dismantling of the Third World into high gear. The Arab members of the OPEC, awash in dollars, recycled them to Western banks, who started the first wave of commercial lending to the Periphery since the Great Depression. In time, as Third World debts accumulated, the capitalist Core could act swiftly – and collectively – through the World Bank and IMF – to restore its old power over the Periphery. This had happened before, during the nineteenth century, when Britain and France created and manipulated debt-crises in the Open Door countries to take over their finances. It was now repeated, starting with several Latin American countries during the 1980s, when they were unable to service their foreign debts. In short order, the success in Latin America would be extended to all the countries in the Periphery.

After a short interregnum, lasting roughly from the 1950s to the 1970s, the Civilizing Mission is back in force. Its mission is the same as before – to ensure that the economic and political evolution of the Periphery is owned and directed from the Center. The economic *modus operandi* too is the same as before – take down the nationalist barriers that countries at the Periphery erect to nurture indigenous capital and technology. The dismantling of the Third World was formalized by the launching of the World Trade Organization – the new and more comprehensive Open Door treaty – imposed collectively by Core capital on all the Periphery.

In its latest phase, the Civilizing Mission has a different political *modus operandi*. The Core capitalist powers are not fighting each other to acquire monopoly control over segments of the Periphery. This is not desirable anymore. In the past, their rivalries had proved very costly to Core capital. Moreover, as major corporations from Core countries collaborate, the old rivalries are being replaced by cooperative relationships. Equally, colonization is not necessary for exercising control. The cumulative penetration of the Periphery by Core capital has produced an indigenous privileged class whose interests are closely interwoven with that of Core capital – and, more narrowly, with that of the United States. Core capital can now safely rely on this partnership to manage the affairs of the Periphery. It is quite safe now to allow the elites in the Periphery – barring segments of the Islamicate world – to compete for the favors of Core capital. The global system now has the power to neutralize populist governments in the Periphery, should they manage to get elected. Of course, it can always use the solution of the last resort – a CIA-instigated right-wing military coup. If that fails, there are sanctions, missile strikes and, finally, invasion, all of them illegal but duly sanctified by the Security Council.

In closing, it is worth pointing out that while Civilizing Mission II has produced the predictable rollback of previous gains across much of the Periphery, this latest phase of global capitalism is likely to produce some new results.[11] In its previous phase, stretching from 1800 to 1950, global capitalism was characterized by centralization of power, capital and manufactures in a few capitalist Cores. All three tendencies were temporarily reversed or weakened in the three decades that followed – the three decades of decentralization. Although the power to define the global system has once again been recentralized since the 1970s, leading progressively to the erosion of indigenous capitalist bases in most countries in the Periphery, it appears that the indigenous capitalist centers in some of these countries were sufficiently developed to compete with Core capital even on the latter's term. This means that several new centers of capital and technology have now been established outside of the old Cores. Some of these centers have a very large economic base – as in China and possibly India. If these centers can sustain their growth momentum and autonomy, they are likely to produce forces that will both disrupt and stabilize global capitalism. I will attempt to offer the briefest sketch of these new forces.

The growth of the new capitalist centers – especially in China and India – has produced an altogether new situation in the global economy. There now exist two pools of comparable labor skills in the new centers and the old Cores, divided by large gaps in the relevant wages, and still separated by strong barriers to their mobility. In itself, this represents a serious disequilibrium in the global economy, the first time such a disequilibrium has emerged on this scale in the markets for medium and high-end labor skills.

[11] I discuss the impact of Civilizing Mission II in "Pauperizing the Periphery," *Counterpunch.Org*, June 7, 2003 <http://www.counterpunch.org/alam06072003.html>

This disequilibrium contains vast ramifications for the political economy of global capitalism. I can only itemize these ramifications here; their elaboration would require another essay.

First, the disequilibrium in global markets for labor skills will continue to fuel growth in the new centers, directing their capital increasingly to high value-added activities; in the big new centers, such as China and India, this growth can continue for a long time because of their nearly inexhaustible reserves of labor.

Second, the growth of the new centers has been squeezing profits in high value-added industries in the old Cores, forcing them to relocate to the new centers. A direct result of this is a downward pressure on wages of skilled labor in the old Cores.

Third, as the new centers continue to grow and as they continue to upgrade their skills, the competition between the two pools of labor will escalate to affect ever higher skills. This means that the downward pressure on skilled wages in the old Cores is unlikely to be compensated by the upgrading of labor skills. We may be looking at a full spectrum decline in wages in the old Cores.

Fourth, since the new communications technology is rapidly extending the range of services that are become internationally tradable, the forces of wage-convergence just described will be felt over a growing range of activities, and this will tend to accelerate the speed at which wage-convergence takes place.

Fifth, taken together, these new dynamics are producing an altogether new phenomenon in the history of global capitalism: a decline in the real wages of labor in the capitalist Cores, and this is sure to be accompanied by erosion of many of the gains in working conditions that labor in the Cores had won in the past century.

Sixth, these developments are producing a growing trade imbalance between the new centers and old Cores because the availability of low-wage but efficient skills in the new centers gives them a long-term competitive advantage in a wide and growing range of activities. The imbalance is likely to be largest between the US and the new centers as long as the US dollar remains the world's leading reserve currency.

Seventh, the downward pressure on wages and working conditions may produce a variety of political consequences in the old Cores: protectionism, growing class consciousness, erosion of democracy, and even class warfare. At the international level, the old Cores – in particular, the US – may respond to the crisis by starting wars to convert India and China into the equivalents of Brazil and Mexico.

Eighth, in this new phase of capitalist development, the workers in the old Cores may be offered a second chance to launch a revolution against capitalist control of the economy.

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