Slavery and Imperialism Did Not Enrich Europe

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Part 8 of 13:
"Slavery and Imperialism Did Not Enrich Europe"

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Bourgeois Dignity and Liberty: Why Economics Can't Explain the Modern World

[Vol. 2 of The Bourgeois Era]

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To Readers: The argument is, I fancy, complete, but some details in footnotes and references, and occasionally matters of routine calculation in the main body, need to be cleaned up.

Abstract: Since trade was not an engine, neither was a part of trade, such as the trade in slaves. And certainly the profits from the trade did not finance the Industrial Revolution. Imperialism, too, was a mere part of trade, and despite the well-deserved guilt that

Europeans feel in having perpetrated it, it was not an engine of their growth. Stealing from poor people is not a good business plan. Certainly the possession of India did little for the great British public, except tax them for the Navy. That Europeans did not benefit from imperialism does not mean that imperialism was good for the imperalized. That a thief kills his victim does not add to the thief's monetary profit, and some imperialism was certainly killing. The cases of simple theft, such as the Belgian Congo, did nothing to enrich the average Belgian. Nor have internal imperialisms, such as apartheid, been profitable. The episode of economic success in Europe came from domestic sources of innovation, not from exploitation.

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The Effects on Europe of the Slave Trade or British Imperialism were Smaller Still

It follows from the unimportance of foreign trade that *parts* of foreign trade were unimportant, too—at any rate in explaining the doubling of per capita real income in the eighty years from 1780 to 1860 and especially in explaining the subsequent explosion on the way to the factor of sixteen. For example, the trade in slaves, quite a small part of Britain's or Europe's trade, could not have been the cause of British or European prosperity. As Stanley Engerman and Patrick O'Brien showed, contrary to Inikori, the so-called profits were too small.[1] To attribute great importance to a tiny trade would make every small trade important—we are back to the brass industry as a cause of the modern world.

As another leading historian of the trade, David Richardson, puts it, "comparisons between earnings from slaving voyages [which Richardson himself has researched on a large scale] with general estimates of eighteenth-century British investment generally suggest, almost without exception, that slave-trading profits could have contributed at best only small amounts to financing early British

[1] Engerman 1972; O'Brien 1982.

industrial expansion."[2] The economic reasoning backing up Richardson's laboriously acquired facts on particular slaving voyages is that entry to the trade was free, and therefore marginal entrants could expect no more than the normal rate of return. Any merchant ship could turn to slaving, as earlier any armed ship could turn to piracy, or indeed as any ship whatever could arbitrage between this market or that, in view of the freedom of the seas. By 1750 there would be few enough non-marginal positions in the slave trade to be seized. It is therefore no surprise to find that the total profits of the trade were by the late eighteenth century a minute portion even of total British investment generally, not to speak of total income. And in any case we have seen that "British investment generally" only accommodated innovation, and did not cause it. Capital fundamentalism works no better for eighteenth and nineteenth century Britain than it worked for late twentieth century Ghana. As David Eltis and Stanley Engerman concluded in 2000, in a thorough review of the possible influences, "if the value added and strategic linkages of the sugar industry are compared to those of other British industries, it is apparent that sugar cultivation and the slave trade were not particularly large, nor did they have stronger growth-inducing ties with the rest of the British economy."[3]

The emotional problem is that we properly regard the slave trade as terrible (though it should be noted that in 1700, before the bourgeois clergymen got to it, practically no one viewed it as anything but a God-given misfortune to the slave). We are rich. The populist, with his zero-sum and moralistic theory of the economy,

[2] Richardson 2003, p. 512.

[3] Eltis and Engerman 2000, abstract.

and his wants to attribute our riches to the impoverishment or even enslavement of someone else, just as he attributes every down-turn in capitalism to the "greed" of rich people on Wall Street. The noblest expression of the sentiment is Lincoln's Second Inaugural: "If God wills that [the War] continue until all the wealth piled by the bondsman's two hundred and fifty years of unrequited toil shall be sunk, and until every drop of blood drawn with the lash shall be paid by another drawn with the sword, as was said three thousand years ago, so still it must be said 'the judgments of the Lord are true and righteous altogether'." In his economics, if not in his ethics, Lincoln was wrong. Even in 1865 the wealth of the nation, if not the South, had little to do with slavery.

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Imperialism, too, was another part of trade, and again an obviously evil one. But imperialism, it can be shown, did not much help the British, or the First World generally, to an Industrial Revolution and modern economic growth. True, the doctrine that imperialism made the West rich at the expense of the East and South is held passionately by the left in the West, and by nearly everybody elsewhere. But understand: the counterargument does not praise imperialism, or excuse it. The counterargument claims that it was economically stupid.

The simplest and historical argument is that the West did not really get going in its imperial adventure until it had innovated in steam, steel ships, cartridge rifles, and machine guns—that is, after the Industrial Revolution, not before. As Goldstone puts it, "It was not colonialism and conquest that made possible the rise of the West, but the reverse—it was the rise of the West (in terms of technology) and the decline of the rest that made possible the full extension of European power across the globe."[4] Lenin had it right: imperialism, the last stage of capitalism.

The modern corollary of the historical argument is that the prosperity of the West depends not at all, or at its worst very little, on exploiting the Third World. Imperialism was bad. But being bad is not invariably profitable for the bad man. Crime does not always pay. Admittedly such a corollary runs against the grain of much anti-imperialist thinking. A local fount of unreflective anti-imperialism in France was said to be the philosopher Maurice Merleau-Ponty. Raymond Aron complained in his *Memoirs* that when Merleau-Ponty wrote in 1947 "as though it were an obvious truth, that 'the moral and material civilization of England presupposes the exploitation of colonies,' he flippantly resolves a still open question."[5] Thus in 1996 André Comte-Sponville, a teacher of philosophy at the Sorbonne, who doesn't claim to know much about economics, felt nonetheless confident in declaring without argument that "Western prosperity depends, directly or indirectly, on Third World poverty, which the West in some cases merely takes advantage of and in others actually causes."[6] On the other side, David Landes, as though admitting the loot theory of Western prosperity, dismisses "those who feel

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4 Goldstone 2009, p. 69.

5 Aron 1983 (1990), p. 216.

6 Comte-Sponville 1996 (2001), p. 89.

the West has gained its edge by domination and exploitation" by accepting their proposition as true but urging the whiners to grow up and get used it: "to this age-old anti-imperialist lament I can only say that this is world history as it has been played out, without any moral assessment of 'good' or 'bad,' 'just' or 'unjust'."[7]

But we can do better than Merleau-Ponty, Comte-Sponville, or Landes. British imperialism was about protecting the sea routes to India. Yet India itself yielded no economic benefit to the average person in Britain. It had therefore no economic point. By the time Victoria became Empress of India the thieving nabobs—Clive of India (the victor of Plassey) and Warren Hastings and all that—were long gone. In 1877 there remained no additional straightforward opportunities for thievery by the British (Clive remarked that in the face of his opportunities for seizing loot "by God. . . I stand astonished at my own moderation"). William Cowper, a contemporary, could complain of the scandal of the nabobs that "thieves at home must hang; but he, that puts/ Into his over-gorged and bloated purse/ The wealth of Indian provinces, escapes."[8] But such thievery cannot account for British wealth. Rich as Clive had (briefly) been, the enrichment of him and his fellow nabobs was very small in national terms—Clive's *stock* of capital of about a million pounds was under 1 percent of the annual £115 million *flow* of U.K. national income. And to translate the stock into the comparable flow, the *income* from a million

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[7] Landes 2006, pp. xvii-xviii. Compare Landes 1998 (p. 19), where he characteristically tweaks the nose of "a new 'multicultural'' world history [which] finds it hard to live with a Eurocentric story of achievement and transformation," and proudly calls his argument politically incorrect.

[8] Cowper 1785, *The Task*, Book I, "The Sofa."

pounds invested in the funds would be, say, 5% of the million, or £50,000 a year, which would be only 1/2300 of annual national income.[9] Such a sum would be nice to have, an immense personal income in eighteenth-century society. But the loot was a trivial enrichment of the nation. In fact by 1877 the British East India Company had long gone, losing its police powers in 1857 after the First War of Indian Independence, and closing entirely in 1871. (The Dutch equivalent, the *Verenigde Oostindische Compagnie*, had gone bankrupt and become state property much earlier, in 1798.) A private company, most people believe, is a more focused institution for looting than a responsible government. The directors of John Company would dearly have liked to have known of opportunities for super-profits to be gotten from India by 1857 or 1871. They themselves had not been able to discover them in time.

Britain in 1871, and in 1771 or for that matter in 1971, traded with India. But trade is trade, not thievery—this contrary to Marxian notions of unequal trade. (Another Marx, Groucho, turned down with cruel wit a Marxist friend looking for work in the hungry 1930s: "George, I wouldn't want to violate your Marxist principle and exploit you by . . . hiring you.") Admittedly, when even an economist buys a house she is left with vague populist feelings that the seller robbed her. After

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[9] National income in the mid-eighteenth century is crudely estimated as the mid-point of Maddison's real-dollar figures of per capita income in 1700 and 1820 (Maddison 2006, p. 264) and the mid-point of his population estimates in the same years (p. 241), and then the ratio of this notional mid-century figure to the 1700 figure applied to Maddison's version of Gregory King's pound figure of £54 million in 1688 (p. 395) for England and Wales alone, providing something like a lower bound: £115 million. I openly confess that I rely on Wikipedia for Clive's fortune (capitalizing for example his £27,000 annual Indian quitrents at 5%, added to £300,000 plus £70,000 to be inferred from the article.

all, he *could* have sold it to her, a very nice person, for thousands of dollars less. And certainly she feels instinctively that the realtor, a middleman, is a thief. The Soviet Union gave expression to the feeling (which can be found also in Adam Smith) by setting services at zero value in its accounting of national income. But the house-buying economist, being an adult bourgeoise, corrects herself, and takes the wider, bourgeois view that made for modern economic growth, and nowadays is enriching India itself.

In 1871 Bombay sent jute to Dundee, and Manchester sent dhotis to Calcutta. Such trade could have been achieved on more or less the same terms if India had been independent. It would have likewise if India had become a French rather than a British colony—a more plausible counterfactual than entire independence considering the disorders of the late Mughal Empire and the briefly superior military technology of all the European powers in the eighteenth century and the absence of national feeling in an India broken into scores of principalities (nationalism came, as it commonly has, from the very imperialism it fought against). If a French colony, India would have traded through Marseille, and in consequence Dundee probably would not have become a great center for the making of burlap bags out of imperial jute. Some Scottish millionaires in Dundee would have had to seek other opportunities, now taken up by French millionaires in, say, Dunkirk, and the ordinary Scottish worker would have gone to work elsewhere in the Scottish economy, or in England, or in Kentucky, at less loss to them in percentage terms than to the millionaires.

If imperialism was so very subordinating of Indian interests to British, furthermore, why were Indian cotton textile factories allowed to grow in the late nineteenth century? "Given the widespread impression that India's industrial development was impossible because of implacable British hostility to Indian competition," writes Om Prakash, "India's cotton-mill history seems paradoxical: it flourished despite competing against the most important, the most internationally aggressive and politically most powerful industry in Britain. Its rapid expansion began only after 1870, but by 1910 the Indian industry had become one of the world's largest," presaging a deep depression for the British industry after the Great War.[10] (A somewhat similar point could be made, about the Japanese cotton textile industry, which again belies the infant-industry notion, especially popular in Germany earlier, that late industrializers had no chance against Manchester's might.)

And even if the trade with India contained some element of exploitation, which is unlikely, and certainly has never been proven, the trade was lower than Britain's trade with rich countries like France or the German Empire or the United States. In 1899, Angus Maddison reckoned, the U.K. exported goods (that is, excluding services and bonds) to Imperial India of $153 millions worth (9.5 percent of all British commodity exports). Exports to Europe and the U.S. at the time were $728 millions, nearly five times the Indian total. Even confined to manufactures (and thus excluding steam coal from South Wales, for example) the India trade was

[10] Prakash 2003, p. 32.

well below half of British exports to countries who themselves were big exporters of manufactures (the same Europe and the U.S.), and was merely 14 percent of all British manufacturing exports.[11]

The way the issue is usually discussed speaks of the "drain" from India, said to be the excess of Indian exports over Indian imports, the trade surplus. (Notice that in strict mercantilist theory, such as that practiced by the Japanese over the century past, a trade surplus is supposed to be good, not bad. The drain theory is a little more sensible, considering that Japanese consumers are indeed made worse off, not better, if Japan exports in value terms more in Toyotas than it imports in soybeans. The Japanese nation is made worse off. (The mercantilism would be especially damaging to the Japanese if the assets the Japanese bought in the United States to square the balance of payment were paid back in depreciated dollars [about a half in the event] or if like the Japanese purchase of Rockefeller Center the assets did not pay back at all. After the American anti-oriental hysteria during the 1970s over the Japanese Invasion, all these misfortunes for Japanese consumers and investors in fact came to pass.) One might suppose in parallel, then, that the export of raw jute and cotton from India in, say, 1900, is to be taken as a national loss to the degree it is greater than the imports of railway engines and steel. According to Angus Maddison's careful calculations, it was on the order of 1 percent of Indian

[11] Maddison 1965, Tables A1 and A3 (exports f.o.b. from/to at current prices), pp. 426 and 430.

income, and likewise (at any rate before World War I) about 1 percent of British income (Britain was richer but smaller).[12]

But anyway there is something wacky about the concept of the drain. The Indians got gold and silver and British bank accounts in pounds sterling for having a trade surplus—unless the exports were simply stolen from them, which after the age of the nabobs is nowhere alleged, and is not beyond reasonable doubt even for the nabobs, as the trial of Warren Hastings showed. Unlike the mercantilist Japanese seeking to have higher exports before anything in the 1970s, the Indian creditors of British firms demanded payment. Now consider. The goods-and-services account, called also the trade balance, is exports minus imports— not merely goods but, say, Indian imports of British services, such as insurance. The *overall* balance of payments, which is the goods-and-services account together with the capital-and-monetary account, must always balance, to the last farthing. You pay for your groceries either by paying from income you have earned by selling your labor or by borrowing from your bank and then paying. In either case your overall balance of payments—dollars of expenditure minus income, which is dollars of earned income plus borrowing—is exactly zero, always. That is a matter of accounting, not economics. It is always true, by definition of the accounts. Unrequited payments—gifts or thefts—are accounted payments for "services" of benevolence or malevolence. An Indian firm exports tea to England, for which someone in India is paid in sterling. Its Indian owners, its suppliers, and its workers

12 Maddison 2007, p. 122.

spend the money thus acquired in part to buy British goods, such as steel or boots. If such Indians (or other Indians having no connection with the tea exports) do not buy enough in Britain or elsewhere they keep the pound notes or bank accounts or the IOUs or the gold that paid for the tea. The Indians are free to spend the money on British goods. They might choose not to. But their choice does not transform the money balances they retain into a measure of a hurtful "drain."

Think again of your own balances of payments. You export more labor services to your employer than the labor services you *im*port from him (none, probably). You have a balance of trade surplus in labor with your employer. Do you feel "drained"? Of course you would prefer to get food and shelter for no expenditure of your labor at all, in the manner of a Mughal prince, or the divided princelings whom the British kept in power. But, no, in a world of trade you are not drained. You take the money paid by your employer and spend it at the grocery store (and the store, too, has a "drain," a surplus of exports over imports, relative to you: does that make you the exploiting Raj over the grocery store?) Or else, like the Indians, you keep your money in gold necklaces in Pushkar or bank balances in London. The world is composed of such "drains," between your house and the neighbors, between Ealing and Hampstead. All exchange, 100 percent of it, becomes on balance a shameful exploitation. That's what I mean by "wacky."

In short, the average person in Britain got little or nothing out of the British Empire. Yet in 1876 Queen Victoria loved becoming an Empress and Disraeli loved making her one, and so imperial India was born (and in the same year five million Indians died of famine).

Acquiring Cape Town in 1814 was an important part of protecting the sea routes to India, of course, as was messing about in Egypt from 1869 on, and various other imperial projects from Gibraltar to Suvah Bay. But such ventures were no more "profitable" than India itself. True, some British investors, such as Cecil Rhodes, made a lot of money out of southern Africa—and Rhodes was by no means the most financially successful of the lot. But that does not mean that the great British public made a lot of money, too. "It is at least certain," wrote Rousseau in 1755, before Europe's pro-imperialism had hardened into convention, "that no peoples are so oppressed and wretched as conquering nations, and that their successes only increase their misery."[13] The cost of protecting the Empire devolved almost entirely on the British people at home. (A century earlier the British people had likewise paid for the defense of the first empire. Notoriously, the colonials in North America refused to pay even a little for imperial defense against the French and Indians.) British taxpayers at home 1877-1948 paid for the half of naval expenditure that was for imperial defense, a by-no-means negligible part of total British national income each year.[14] *** **Give the figure** They paid for the First War against the Boer republics (1880-1881, lost but cheap) and the Second (1899-1902, won but expensive). They paid for the imperial portions of World Wars I and especially II. They paid for protection of Jamaican sugar during the eighteenth

[13] Rousseau 1755, p. 20.

[14] The locus classicus for these calculations is Davis and Huttenback 1988.

century and special deals for British engineering firms in India during the nineteenth. They paid in fatalities, 800,000 in the First World War and 380,000 in the Second, and lost all their foreign assets, too. For the great British Empire the great British public paid and paid and paid.

What were the vaunted benefits to the British people? Essentially nothing of material worth. They got bananas on their kitchen tables, as I said, that they would have got anyway by free trade—the Danes did, via London or Amsterdam—or at a slightly higher cost if trade had not been entirely free. They got employment for unemployable twits from minor public schools. Above all—to go beyond the material realm—they got the great joy of seeing a quarter of the land area on world maps and globes shaded in British imperial red.

Economically, materially, it did not matter. Standards of literacy exceeding those of Southern Europe mattered a great deal more to later British economic growth, as did a tradition of industrial and financial innovation exceeding those of Germany, and a free society in which to innovate exceeding that of Russia, and above all an early shift to a rhetoric of bourgeois virtues exceeding most of the world. Look at the accounting and the magnitudes. Most of British national income was and is domestic. This is true of all countries much larger than Luxembourg or Singapore. And what income there was from abroad was largely a matter of mutually advantageous trade having nothing to do with empire—Britain invested as much in places like the United States and Argentina as in comparable areas of the

Empire, and there is no evidence in any case that returns to investment in the Empire were especially high.[15]

The British worried in 1776-1783 and in 1899-1902 and in 1947 about the loss of their various bits of empire. But is the average British person worse off now than when Britain ruled the waves? By no means. British income per head boomed after losing colonies in 1783 and 1947, and stagnated in 1902-1914 after expensively keeping the Boer Republics in the Empire. Nowadays, after the tragic loss of maps painted red, British real national income per capita is higher than ever, and is among the very highest in the world— in 2007 a little bit above, adjusted to purchasing power parity, that of France, Germany, Italy; though a good deal below its former and terribly exploited colonies Hong Kong, Singapore, Ireland, and the United States. Did the acquisition of Empire, then, cause spurts in British growth? By no means. Indeed, as I said, at the climax of imperial pretension, in the 1890s and 1900s, holding sway to the east and west of Suez, the growth of British real income per head notably slowed.

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15 ***Edelstein statistics from Floud and McC

Chapter 21:

And Other Imperialisms, External or Internal,

Were Equally Profitless

The same accounting and magnitudes apply to other imperialisms. King Leopold II of the Belgians (reigned 1865-1909) was a ruthless thief in the Congo. Through his concessionaires and their native soldiers he starved and slaughtered and enslaved hundreds of thousands to gather rubber from the trees at zero cost to himself and sell it high in Europe. But what benefit were his crimes to the ordinary Belgians? Did Belgian growth depend on Belgium's little and late-acquired empire —or to be exact, did it depend on the personal imperial income of the King, spent largely on castles in Belgium and southern France? Not at all. It depended on brain and brawn in coal mines and iron and steel mills at home from the early nineteenth century on, and the bourgeois polity dating back to the sixteenth century in the south Netherlands supporting them.

The Germans in East and Southwest Africa fought two little wars 1904-1906 against their new African subjects. In October, 1904, for example, General Lothar von Trotha issued a *Vernichtungbefehl,* an extermination order, an early German experiment in racial cleansing preparing for the greater experiment of the early 1940s: "Within German boundaries, every Herero [northern Namibian people], whether found armed or unarmed, . . . will be shot."[16] But there was no *economic* point to the Herero holocaust, three-quarters killed or starved in two years, because there was anyway no economic gain to Germany in the first place from having German Southwest Africa (modern Namibia), "whose assets comprised wealth of rock and sand, and whose liabilities [even before the war] cost the German taxpayers a subsidy of £425,000."[17]

So it proved for almost all the scrambles for Africa—or those for Asia or Polynesia or even the New World. At the last the Spanish and Portuguese empires left Spain and Portugal among the poorest countries in Europe. Even when the colonized people were reduced to a form of slavery, as in the concessionary system invented by King Leopold for his Congolese subjects and imitated by the French in their own Congo, only a few people gained from the severed hands and depopulated districts. When someone is murdered in the course of a convenience-store robbery, the gain to the robber of $45.56 is not the *same thing* as the loss of life of the clerk. His lost life is not a *gain* to the robber. So European imperialism.

Individual Dutch people got rich trading spices from the Dutch East Indies, as Multatuli explains in his strikingly early and influential anti-imperialist novel, *Max Havelaar* (1860)—compare *Uncle Tom's Cabin* (1852). From 1830 to 1870 the Dutch authorities compelled Javanese to produce coffee, sugar, and indigo at derisory prices for the benefit of the Dutch treasury, a third of which at times was

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16 Pakenham 1991, p. 611.

17 Pakenham 1991, p. 602.

supported in this way.[18] But then down to 1913 the Dutch spent on navies and military conquest what they had gained by compulsion, and after the Great War, tortured now by guilt, "government expenditure on defense [well. . .], education, and public health" in the colonies was greatly increased.[19] The Indonesians were damaged, of course, though in this as in other cases, short of Congo-ish horrors, it is not obvious that indigenous rulers, or an alternative European imperium, would have done much better for the common people. In the Dutch empire, writes Angus Maddison, "Control was exercised by the thick layer of European officials [and after 1870, entrepreneurs] who spent a good deal of time as watchdogs over a native administration whose ostensible dignity and regalia camouflaged their basic role as Dutch puppets."[20] Late in the game, in 1931, the Netherlands had a quite large Indonesian presence, 0.4 percent of the population there. It sounds small, but was eight times larger at the time than the British soldiers and administrators relative to the South Asian population they governed, and the number of Dutch in Indonesia relative to their countrymen in Holland was much higher than the parallel figure for the British. After the fall of empire the ex-colonial administrators bulked larger in Dutch society and literature than the comparable class of old India hands did in Britain.

But most Dutch people back in the Netherlands were not benefited by empire, and certainly not in the nineteenth century, by which time the "rich trades"

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[18] Emmer 2003, p. 391.

[19] Emmer 2003, p. 392.

[20] Maddison 2007, p. 137.

in spices had been routinized, or competed away by such unhappy events as the reproducing of clove cultivation in far away and non-Dutch Zanzibar. Colonial pain in 1660 or 1860 or 1931 did not make for general European prosperity—merely for a few shocking fortunes, such as the Dutch royal family. The ordinary Dutch seaman or farmer earned what such work earned in Europe in 1660, or 1860, or 1931. The European supply and demand for labor determined the real wage, not the profit on spices constituting for all their glamour a tiny part of European expenditure.

Or again, would anyone claim that owning Greenland and Iceland and a few scattered islands elsewhere made the Danish farmers the butter merchants of Europe? No: what explains it were Danish liberties from the late seventeenth century on (though under attack from the imperial and divine-right pretensions of the Danish royals), and a bourgeois attitude among farmers. Did the French as a whole get great benefits from lording it over poor Muslims in Africa and poor Buddhists in Vietnam? One doubts it. French economic success depended on French law, French style, French labor, French banking, French education, French originality, French openness to ideas.

The temptation to attribute the Industrial Revolution to the overseas adventures of the Europeans from the 1490s to the 1950s comes from the confusion I have noted before in Landes, Kennedy, Diamond, Findlay, O'Rourke, and many other between conquest and enrichment. And it comes from the crude correlation in time. Again it is a case of *post hoc*—or rather *dum hoc*—*ergo propter hoc.* It is true that the British for example prospered at the about same time that they acquired their empire—although, to repeat, the crucial industrializing decade of the 1780s, just to take one temporal problem with the argument, is precisely when Britain lost its first empire and had not established a firm grip over its second one. And Japan, one might argue to make the case for empire by contraries, turned away from foreign trade and foreign conquests as growth-making just when the Europeans were getting started in the business. Had Japan opened themselves to foreign ideas in 1603 as they did in 1868, and especially had they adopted earlier the idea of bourgeois dignity, their lack of colonies such as they later acquired (*after* industrialization) in Korea or Taiwan or Manchuria would not have mattered. One can point to specific factors in the non-European cases that made overseas imperialism less tempting to, say, Tokugawa Japan and Qing China—and therefore left them without the wonderful advantages of overseas empire for making the modern world. European colonization was easy in the Americas because the conquistadors and the Pilgrims brought measles and smallpox in their baggage. It was not so easy, at least on account of the disease gradient, in, say, India, or Indonesia. China therefore lacked, Kenneth Pomeranz argues, easily colonized foreign lands to provide raw materials like cotton. And indeed, Pomeranz observes, in 1750 China had internally probably the largest source of cotton in the world. Why bother conquering India?

The point is that China and Japan could have industrialized without colonies, or indeed without world-girdling trade. Yet they didn't. Pomeranz argues that there was in China no political alliance in favor of foreign trade. That's no exaggeration. But the drawing back after the adventures of the great fleets in the early fifteenth century was in part a consequence of a much deeper obstacle to rapid industrialization in China, the disdainful attitude towards all merchants. (Goldstone would perhaps disagree, observing as he does that venturing beyond the Indian Ocean lacked point for China. But the disdain for merchants was palpable.) Foreign merchants were confined for a while to the port of Ghangzhou (modern Canton) in the south and Kyakhta in the northern inland, on the border with Russia, some 2500 miles away. It would be as though the inlets to European trade were confined to Cadiz in the south St. Petersburg in the north. Again the political unity of China figures. The Spaniards certainly *wanted* to make Seville and then Cadiz the sole entrepôt for the trade from the New World. But the pesky French and English would have none of it. They made Le Havre and Bristol into New-World entrepôts, even going so far in their presumption as to seize Cadiz from time to time and burn the Spanish ships.

Sic transit all manner of claims that Western wealth is founded on the despoilment of the East or the South. Rich countries are rich mainly because of what they do and did at home, not because of past or present foreign trade, foreign investment, foreign empire, or foreign anything except foreign ideas such as the inventions adopted from China and the crops adopted from the New World. If the Third World was transported tomorrow by magic to another planet, like the two-planet system in Ursula Le Guin's novel *The Dispossessed: An Ambiguous Utopia* (1974), in the long run the economies of the First World would scarcely notice it. In the short run there would be of course great disruption. But the economies of the West would adjust, rather as they adjusted to $150-a-barrel oil for a while in 2008, or to the abolition of slavery in British Empire in 1833-40, or to the papal decision in 1537 that native Americans were to be treated as though they had souls. The one exception to the post-War *loss* of a literal empire supported by guns and tanks, that of Russia, was a failure. Russian income per head grew more slowly enchained to its Eastern European colonies than it would have if by some happy miracle it had adopted Western innovation in 1945. Look at East Germany vs. West, where the controlled experiment was in fact tried. Labor productivity in Ossi factories ended in 1991 at one-third what it was in Wessi factories.[21]

That is, we cannot account for the riches of rich countries by reference to exploitation of poor people. This, to repeat, is not to say that there was no exploitation—that British or Belgian or French or Spanish or Portuguese imperialism was good news for the people imperialized. That is a separate question, and sometimes has a rather obvious answer. For example, yes, Belgian imperialism in the Congo was an appalling event for the Congolese. Roger Casement recorded in 1903 what the people said about Leopold's concessionaires: "From our country each village had to take 20 loads of rubber. . . . We get no pay. We get nothing. . . . It used to take 10 days [per month] to get the 20 baskets of rubber—we were always in the forest to find the rubber vines, to go without food. . . . then we starved. Wild beasts—the leopards—killed some of us while we were working away in the forest

[21] Ardagh 1991, p. 448.

and others got lost and died from exposure or starvation and we begged the white men to leave us alone. . . . but the white men and their [black] soldiers said: Go. You are beasts yourselves."[22]

But remember the convenience-store robbery. That a brutal imperialism or other forms of exploitation backed by the brief Western lead in the technology of guns and a peculiarly Western obsession with large-scale foreign adventuring was often bad for the non-European victims does not at all in logic—or as it happens in most facts 1492 from 1960—imply that the average citizen of the European perpetrator countries was greatly enriched by it.

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Consider for example the sorry history of South African racism. Keeping the blacks uneducated and landless and the coloreds excluded from certain occupations in the twentieth century did *not* benefit white South Africans on the whole, no more than conservative Muslim men are made better off on the whole by keeping their women illiterate and refusing to allow them to drive. The novelist Alan Paton wrote in 1948 in the voice of progressive whites just as apartheid was about to come to a climax: "the earth has bounty enough for all, and . . . more for one does not mean less for another." The reply to such liberalism from the voice of conservatives is always about the political system as a whole, and the standing of the hegemonic group within it: "this is a danger, for better-paid labor will . . . read more, think

[22] Quoted in Pakenham 1991, pp. 598-599.

more, ask more, and will not be content to be forever voiceless and inferior."[23] But we are discussing economics, not the pleasures or anxieties of a profitless hegemony.

From 1917, about when the trammeling of blacks and coloreds in South Africa got seriously theorized, to 1994, when democracy was established, the real incomes per head of South African *whites* grew at about 2 percent per year.[24] Two percent per year is a respectable but not an unusually high rate of growth. At such a rate one's real income doubles every 35 years, a welcome event, and approximately what has been happening in the United States since the eighteenth century. But it is no Swedish or Japanese or Korean miracle. On its face it does not justify a notion that the whites were greatly enriched by extracting loot or labor from people with non-European ancestors.

Look at closely comparable cases. The white growth rate of real income in South Africa 1917-1994 was somewhat higher than in Australia. The Australians did lack a large internal oppressed class. The tiny number of Aborigines who survived Western diseases, it is said, were still being hunted for sport in the 1930s by drunken Western Australians of European descent. Yet no one would seriously claim that such activities were the basis for the Australian economy. Everyone in Australia worked, pretty hard. Click go the shears, boys, click, click, click. The European Australians were not up on horses ordering blacks about as *die base* ("the bosses," which until well into the twentieth century was the crippling career presumption of quite ordinary Afrikaners). The South African white growth rate was also a little

[23] Paton 1948, p. 71.

[24] Feinstein 2005, p. 11, Figure 1.3.

higher than in New Zealand, which did have a large class of Maori aboriginals for Europeans to lord it over, though not anything like so large as South Africa's endowment on this score. Yet in Canada or Ireland white incomes grew at about the same rate as in South Africa, with no such class of exploitables. And other countries entirely lacking a separate racial group to exploit at artificially low wages in mining or housework, such as Italy, Greece, Finland, and South Korea, had a higher rate of growth than the privileged whites of South Africa achieved by their alleged profiting from privilege. Oppressing people is bad. But commonly if not always the oppression helps only a few rich and powerful people, while hurting or not benefiting the ordinary folk alleged in the racist rhetoric to do well.

Of course oppression sometimes makes *some* of the oppressors better off—the rich and powerful and rare, to repeat. That is the prudence-only explanation of why they engage in the oppression, and often it explains something. But such beneficiaries are tiny minorities, such as the unusually well-connected or the unusually violent, a few Afrikaner trade unionists in South Africa and the House of Saud in Saudi Arabia. True, South African whites for a long time *believed* that their prosperity depended on oppressing non-Europeans. It is the rhetorical, non-prudent explanation for apartheid. But a belief in fairies does not strictly imply that fairies exist. (A report on an Irish woman, asked in the 1830s whether she believed in fairies: "She did not, she said, but they were there all the same.[25]) That people believe they are made better off by being associated with an empire or apartheid or

[25] Eagleton 1996, p. 273n1.

slavery or segregation or discrimination or patriarchy does not mean they actually are. Because of improved varieties of cotton, American slavery was profitable right to its end for the Southerners who owned slaves (a small group—unlike the Cape Colony during the eighteenth century, in which nearly every white family owned a slave).[26] Yet slavery did nothing good for the poor whites of the Confederacy except to make them feel superior to at least somebody. Alas, like working-class imperialists in Britain, they *thought* the exploitation of others by rich people was good for them as poor whites, and therefore they flocked to the colors in 1861 under the command of plantation owners. Likewise in 1914 the cockneys and agricultural workers flocked to the British Empire's colors of the Pals Brigades or territorial regiments under the command of middle-class infantry officers (whose cousins were policemen in Burma).

In South Africa from 1936 to 1960 the policies devised mainly in the 1920s succeeded in raising Afrikaner unskilled workers and English trade unionists above migrant blacks and South African coloreds (that is, mixed race or people of Indian origin) and blacks. Incomes of lower class Afrikaners did rise smartly, as they took jobs on the railways, and as their sons went to engineering school. Yet from 1975 until 1994, at the very height of a system supposed to enrich them, Afrikaner or English whites saw negligible growth in their real incomes (one would need to correct the price deflators in such calculations for the improvement in the quality of goods). And indeed South Africans as a whole, black and white and colored, saw

26 Olmstead and Rhode 2008.

their real incomes stagnate or actually fall. More to the point the rates of growth were below those even in many other African countries.[27] And unsurprisingly in no period since its founding did the system succeed strikingly for blacks and whites considered together. No wonder, a materialist would exclaim, that after 1986, gradually, like communism after 1991, the pass laws and the rest were given up. But then he would have to explain with the same materialist hypothesis why they were adopted in the first place.

What comes out of the economics, in other words, is that on the whole, and time and again, the attempt to live off poor people has not been very profitable. Even the rich in former times, who for millennia did in fact live off poor people, remained poor by the standard of ordinary people after modern economic growth. As Adam Smith memorably put it at the end of the first chapter of *The Wealth of Nations,* "the accommodation . . . of an industrious and frugal peasant . . . exceeds that of many an African king."[28] Smith was following Locke: in America, for want of improvement of the land by labor, "a king of a large and fruitful territory there feeds, lodges, and is clad worse than a day laborer in England."[29] For 1690 or 1776 this may in fact be doubted. The *obas* of Benin 1170-1897 did seem to have lived pretty high off the hog, well above the standard of an English day laborer or an industrious and frugal peasant in the Lowlands of Scotland.[30] But by now, imagining the riches in health and wealth of a working person in Italy or New

[27] Feinstein 2005, p. 145, Table 7.2, itself from Maddison 2001.

[28] Smith 1776, I, i, 11, p. 24.

[29] Locke 1690, Bk. II, para. 41, p. 136.

[30] Exhibit, Chicago Art Institute 2008.

Zealand, and comparing these to the riches extracted in olden times from the poor, or still extracted today by the last absolute monarch in Africa, [King Mswati III]() of Swaziland, Smith's proposition cannot be doubted. As soon as the hierarchy relented, and positive-sum invention became prestigious, the rich *and* the poor became astonishingly better off. Even poor people in a modern economy have access to vaccination, air-conditioning, automobiles, the internet, reliable birth control, and flush toilets. The very Sun King himself had access instead to smallpox, open windows, bumpy carriages, a small list of books, leaky condoms, and relieving himself in the staircases of the Palace of Versailles.

If contrary to fact the exploited poor people were rich, not poor, and if the gain was all a matter of pass laws and violence, not mutually advantageous exchange, then some big parts of some societies, I repeat, could possibly benefit from violent imperialism abroad or violent apartheid at home. But that's not what the accounting and the magnitudes suggest about the British empire, or for that matter about apartheid within the Southern United States or South Africa. And even enslaving rich people is not such a wonderfully enriching idea, as Hermann Göring's program of Continental enslavement showed. The formerly rich slaves didn't produce V-2 rockets or Messerschmitt Me 262 jet planes fast enough to tip the balance. And stealing paintings from Paris and Amsterdam did not enrich ordinary Germans.

Voluntary trading with free, rich people, as against exploitation of poor people, turns out to be the better plan. In fact the more the rich countries trade with each other (as they mainly do) the richer they become—though remember that innovation, not such trade, is the engine of growth. As the financial historian Niall Ferguson has observed, Germany did better in "dominating" (which is mercantilist lingo for "trading with") Eastern Europe after 1945 and especially after 1989 than any of its imperial ambitions of the 1910s or its *lebensraumische* plans of the 1930s could achieve. Ditto Japan. The Greater East Asia Co-Prosperity Sphere of Japanese militarism was economically speaking a dismal failure by comparison with Japan, Inc. We are made better off by having fellow citizens who are well-educated and well-trained and fully employed, even though we will then have to sacrifice having plentiful maids (the living rooms of middle-class people in Brazil and South Africa are strikingly clean, because they do have such maids). If exploiting *poor* people of color had been such a grand idea for rich white people, such as certain white Brazilians and white South Africans, then the white people in such countries would now be a lot better off than whites in Germany or Portugal or England or Holland, or the United States or Australia—places from which their ancestors came or to which their cousins went. They are not, and were not.

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