FINANCE, EMPIRE AND THE BRITISH WORLD

In May 1985, this Journal published a special edition on ‘Money, Finance, and Empire’ edited by Andrew Porter and Robert Holland. Many of the historiographical concerns of the mid-1980s were well represented. Lance Davis and Ronald Huttenback presented their new estimates of British overseas investment; D. C. M. Platt compared the dynamics of Edwardian investment in Canada, Argentina, and Australia; Youseff Cassis anatomised London’s banking community; Amiga Kumar Bagchi, B. R. Tomlinson, and Scott Newton examined currency matters in Anglo-Indian relations and in the Attlee government’s early moves toward European integration; while Jacques Marseilles offered a summary for an English-speaking audience of his seminal study of the links between French commerce and expansionism.1 The fact that the collection opened with an important article by Peter Cain exploring J. A. Hobson’s theory of finance capitalism highlighted the degree to which the historical agenda continued to be framed by the Edwardian critic of empire. The role, or otherwise, of finance as the ‘governor’ of official imperialism still preoccupied historians, while the questions Hobson raised about the distribution of the empire’s costs and benefits soon produced a major study by Davis and Huttenback.2

Two and a half decades on, this new collection of essays enters the debate about finance and empire at a particularly opportune moment because it does so in a field dramatically transformed, and one which invites the blending of older and new paradigms. The most obvious shift is geographical, for the focus here is on Britain’s relations with the colonies of settlement, which only played a subsidiary role in 1985. Indeed, at that time the impact of British investment in Latin America was much more likely to attract the attention of historians stimulated by contemporary debates about the ‘imperialism of free trade’ and the ‘dependency thesis’’.3 This shift in focus
reflects a broader re-discovery of the settlement empire since the 1980s inspired by two important historiographical developments: first, the debate surrounding Cain and Hopkins’ concept of ‘gentlemanly capitalism’;\textsuperscript{4} and second, the more general revival of scholarly interest in the ‘British World’ which has now produced a rich crop of publications.

Importantly the transformations have been as much conceptual as geographical. While Cain and Hopkins may have owed a clear and explicit debt to Hobson (as well as other ‘classical’ theories of imperialism),\textsuperscript{5} they also emphasised a form of informal imperialism in Latin America and the Dominions based on to what Ronald Robinson described as ‘the meshing of autonomous private enterprises with the internal politics of quasi-autonomous governments’ which Hobson conspicuously failed to recognise.\textsuperscript{6} Their subsequent use of the concept of ‘structural power’ added a further important and as yet under-explored refinement to an old historical theme.\textsuperscript{7} Cain and Hopkins thus both re-invigorated the debate about the nature of financial imperialism and shifted its focus to the self-governing settler societies rather than the tropical zones of annexation and coercion which originally drew Hobson’s gaze.\textsuperscript{8}

At times in recent years, such concerns have been unfairly seen as a mere reshuffling of the conceptual pack of ‘old’ imperial history as the centre of gravity in the imperial studies has shifted away from supposedly ‘traditional’ interests in economics and politics towards the cultural dynamics of empire.\textsuperscript{9} Indeed, a concern with culture and identity lay at the heart of the second historiographical revival of interest in the dominions.\textsuperscript{10} Originally the subject of a sequence of conferences, the concept of a ‘British World’ sought to re-integrate the dominions into the history of empire, and Britain into the history of the dominions, by directing attention to two often insufficiently distinguished phenomena: the dense social networks primarily
forged by emigrants ‘from below’, which linked Britain to the dominions (and, to a lesser extent, the dominions to each other); and the global dimensions and usages of ‘Britishness’. Although only occasionally employed by contemporaries, the term ‘British World’ has now been adopted and expanded by historians to refer to the largely consensual and bottom up aspects of Britishness and the British experience abroad as a corrective to the supposedly excessive concentration of earlier historians on power relations and the ‘top down’ structures of formal empire. Accordingly the first publications on the British World tended to focus on the social and cultural aspects of the subject with only limited interest in economics or even political interactions.

Meanwhile, the intellectual context towards the end of the millennium was being transformed by the contemporary phenomenon of ‘globalisation’ which could not but have a profound effect on scholars of transnational structures like empires, or more diffuse and broadly-based constructs like the British World. Niall Ferguson’s popular and controversial account claimed that the history of the British Empire was ‘the history of globalization as it was promoted by Great Britain and her colonies—“Anglobalization”, if you like’. More seasoned imperial historians took seriously Tony Hopkins confident assertion that ‘Empires were transnational organizations … created to mobilize the resources of the world’ (Hopkins having defined ‘transnational influences … collectively’ as globalization). In this context, the creation of the British World as a distinctive zone integration could be ranked in importance alongside the growth of commerce and spread of imperialism more generally as a key contributor to the first wave of modern globalisation.

Thus a very contemporary preoccupation with the forces of global integration in the late-twentieth century meant that economic forces came back strongly into
historiographical play, while the colonisation of the Dominions might now be viewed within a larger transnational framework encompassing the entire anglophone settler world. These have been the themes of two important recent monographs. James Belich’s swashbuckling account of the settler revolution and the rise of the ‘Anglo-world’ emphasises the boom mentality of ‘settlement’. But fundamentally the cycles of ‘explosive colonization’ and metropolitan ‘re-colonization’ he writes about so vividly were also investment cycles requiring enormous transfers of capital and technology to complement the sustained inflows of people. By contrast, Andrew Thompson and Gary Magee have written an economic history of the British World which explores how co-ethnic British networks shaped the pattern of trade, migration, and investment. Ultimately British-world networks contributed to the creation of a distinct, dense, and often racially-bounded zone of economic integration.

In their separate ways, Belich, and Magee and Thompson and argue that the British World—or its broader correlative, the Anglo-world—lay at the heart of modern globalisation before 1914.

Fittingly, these major historiographical currents converge in John Darwin’s magisterial new study of the ‘empire project’. According to Darwin, the success of this project depended on Britain’s ability to navigate a complex and shifting set of global forces. The enormous accumulation of British assets abroad (the City’s ‘great commercial republic’) and the ‘“awkward squad” of self-governing settlement colonies’ were two of the main components of Britain’s world-system allowing it to do so. Moreover, although the ‘commercial republic’ was treated separately from the white dominions, Darwin acknowledged the close connections between the square mile and the British World; for: ‘“nation building” in the white dominions meant
greater dependence not less on the British market and on the financial machinery of the City of London”. 19

In summary, it ought to be a commonplace now that finance was as integral as emigration to the formation of a British World. Without massive investment, the settlement of ‘neo-Britains’ would have been impossible, or at the very least would have taken a radically different form. 20 Equally, finance was a vital element in the power relations that developed between settler societies and the metropole. The question of power and finance has been a perennial theme in the imperial historiography. It is time now for the British World to be integrated into that historiography and to broaden the perspective. The essays in this collection seek to contribute to this task through case studies which explore the links between investment, power and culture in the settler empire.

A central concern in the new historiography of globalisation has been the interactions between the universal and the local. 21 A connection can be made between this and one of the fundamental issues in the debate over gentlemanly capitalism: the extent to which colonial actors were able to make autonomous choices over local economic policies and the management of capital. As we have already noted, Cain and Hopkins attempted to address this by emphasising the distinction between relational and structural power: colonial actors may have been participants in the game of economic development (and hence, depending on circumstances, might have exercised some relational power), but they had little capacity to choose the underlying ‘rules’ by which they played; rather, the rules were determined elsewhere. 22 The first two essays in this collection take up the question of structural power in two contrasting studies of settler polities at quite different points in Australia’s economic and political development.
The setting of Attard’s essay is the new colony of Queensland during the 1860s. It explores how far, in the economic and political conditions of a raw settler community, a gentlemanly British governor, Sir George Bowen, and his quasi-official colonial secretary, Robert Herbert, were willing to modify, and even depart from, their own ideas of a desirable political economy. Yet, in 1866, when the colony’s treasurer proposed to extract Queensland from a debt crisis by printing money, Bowen and Herbert swiftly combined to stop any departure from one of the most sacrosanct ‘rules of the game’—a metallic monetary standard. Thus they reinforced the informal power of the colony’s banks, re-asserted the colonial status of the local settler community, and demonstrated the persistence of a form of imperial ‘bridgehead’ in the supposedly self-governing colony. Attard, therefore, demonstrates the ways in which structural power might be mediated in a settler community according to highly contingent configurations of interests, institutions and external factors (not least the state of long-distance communications). Even so, the ongoing interests of British capital were a fundamental element of continuity.

In Dilley’s essay, the setting shifts to New South Wales at the beginning of the twentieth century at a very different point in the settler debt cycle. Technological constraints had by now eased to the extent that communications between the antipodes and Britain were practically instantaneous. The imaginative space between the two hemispheres had thus also contracted so that the state of metropolitan opinion might be an immediate concern of politicians in the most distant parts of the British World. Dilley shows how, in response to both the crisis of the 1890s and curtailed credit in the City in 1903, New South Wales appointed its fiery statistician, T. A. Coghlan, agent-general (representative in London) in large part to improve his state’s image in the City. Coghlan did battle with the London press, and reflected deeply on
the political repercussions of financial dependence. Through a reconstruction and contextualization of Coghlan’s activities and thinking, Dilley illustrates a variety of links between City opinion and Australian politics. In the process, he seeks to show that the political impact of financial dependence (‘the politics of finance’) can only be fully charted by paying attention to the cultural meanings attached to the bare economic facts of indebtedness in both the borrowing and lending societies. Dilley shows how structural power might be given its own ‘cultural turn’.

The links between politics, culture and finance also lie at the heart of Andrew Smith’s explorations of British investment in Canada. In this essay the focus shifts from the implications of financial power to the recent debate over why the British chose to invest their money in the British settler colonies in the first place. Smith raises two questions about the colonies of settlement which are fundamental to an understanding of the cultural economy of the British World: first, what distinguished the settler colonies from other investment destinations within the Empire; second, how to account for the British preference for investments in the British settler world, even though by Magee and Thompson’s reckoning they shared many of the same informational advantages in Britain as the United States (and, most likely, other settler destinations). Smith thus contests Ferguson and Schularik’s assumption of a generalised ‘empire effect’ based on British political control, and Magee and Thompson’s argument about the extent to which migrant settler networks were sufficient to explain the preference of British investors for putting their savings into the Dominions. He suggests that the political and legal institutions of empire with their associated cultures and loyalties gave British investors additional reasons (if in retrospect misguided) for considering Canada a less risky prospect than her republican neighbour. Smith therefore makes the distinction between an informal ‘Anglo-world
effect’ based on the informational asymmetries emphasised by Magee and Thompson and an ‘Empire Effect’ generated by a close adherence to British institutions and a culture of empire-loyalism, but which did not rely on political control.

The final essay in this collection moves away from questions of power and investors’ preferences to consider the ways in which direct investments in settler societies created some of the key transmission mechanisms for the movement of people, ideas, technology, values, even flora and fauna, in the British World. The liberalisation of British company law in the mid-nineteenth century had a profound effect on the how capital for overseas investment was raised in Britain and managed abroad. In particular, it created a permissive legal framework for the formation of what became a ubiquitous institutional device for the conduct of British foreign direct investment: the free-standing company. Kevin Tennant offers a study of one such free-standing company, the New Zealand Agency and Australia Land Company (NZALC), whose properties were in New Zealand, New South Wales and Queensland. The company was symptomatic of the changing organisational and ownership structures of British direct investment, as well as an example of how corporate organisation started to connect the pastoral frontier with British capital (in this case Scottish rather than London-based) and European markets. In the process the NZALC and similar companies facilitated the development of one of the most important segments of the antipodean export economy. Thus Tennant demonstrates the pertinence of Mira Wilkins’ observation that, ‘Capital was not exported by itself … but rather it was embodied in a business organisation’, and shows that business historians have long asked important questions about the power dynamics within, and the economic forces acting on, such networks. Further studies of such organisations are clearly needed to deepen our understanding of how businesses were one (indeed
one of the more significant) of many species of trans-national network operating within the British World, and of the forces shaping those networks.

In conclusion, these essays raise important questions about the relationships between finance, imperialism, and the British World. Attard, Dilley, and Smith highlight the roles of British institutions and imperial agencies (governors, legal frameworks, agents-general and high commissioners) in structuring the interactions that occurred, as well as transmitting normative expectations and assumptions about economic governance. Collectively they suggest that, the recent emphasis on informality (whether Cain and Hopkins re-worked model of informal imperialism, or Bridge and Fedorowich’s ‘globalisation from below’28) should not blind us to the important role played by the institutional and political dimensions of formal empire. Dilley and Attard point out that financial dependence might create a fraught and charged politics (indeed, a ‘politics of finance’) which was an important, and often disruptive, element in Anglo-Australian relations. The gyrations of this politics, and moments of imperial intervention, were disruptive elements in a British World often portrayed otherwise as a rather harmonious affair. They deserve fuller treatment.29 Dilley and Smith show that imperial loyalties might influence both the politics of finance and the very activity of investment itself. Finally Tennent qualifies the essentially binary spatial paradigm of metropole and periphery which is frequently deployed in the studies of investment. He not only demonstrates the importance of intra-antipodean linkages binding the Tasman world, but also highlights how parts of Britain outside London and the southeast had significant business, commercial, demographic and cultural connections in the British World.

Yet it is left to Peter Cain to draw out the collection’s broadest significance. For, as he rightly points out, it embodies a renewed concern with economic history,
albeit one which is also deeply interested in political and cultural processes. As he argues, economies like nations are in many respects ‘imagined’; investment is ultimately driven forward by frequently fallible calculations of a still unrealised future. Cain concludes by calling on a new generation of historians to re-integrate the cultural and economic. Now, as the 2008 global financial crisis translates into government spending cuts and sovereign debt crises, squeezed personal incomes, and tighter credit, a new generation is reminded of the perils of unregulated international finance in a global world. In an earlier era of rapid globalisation, the same perils were faced by the settler communities of the British World. It is a pertinent moment then for imperial historians, both ‘new’ and ‘old’, to re-examine this experience and to give it a firmly political and cultural turn. To paraphrase Pocock, it would be untrue to say that histories of finance and empire in the British world are unknown, but they are certainly subjects in need of detailed surveying. 30
Porter and Holland, *Money, Finance and Empire*.

Hobson, *Imperialism*, 59; Davis and Huttenback, *Mammon and the Pursuit of Empire*. Similar issues lay at the heart of a two volume collection published in the same year; see University of London, *City and Empire*.


The origins of this debate can be seen in 1985 when Cain and Hopkins and Andrew Porter clashed over the nascent concept of ‘pecuniary capitalism’; see Porter, ‘Which City, What Empire?’


Kennedy, ‘Imperial History’, 345. For an outline of the ‘new’ imperial history, see Wilson, ‘Introduction’.
Although this literature too has been accused of intellectual and methodological conservatism, and its often explicit references to late-Victorian writers such as J. R. Seeley, Charles Dilke, and J. A. Froude and to the conservative father of ‘New British History’, J. G. A. Pocock, have done little to allay such suspicions. See Chilton, ‘Canada and the British Empire’.

Bridge and Fedorowich, eds., The British World; Buckner and Francis, eds., Canada and the British World; Buckner and Francis, eds., Rediscovering the British World; Darian-Smith, Grimshaw, and Macintyre, Britishness Abroad. On the origins of the British World, see also Buckner and Bridge, ‘Re-inventing the British World’.

For discussion of the term British World, see Bridge and Fedorowich, ‘The British World’; Buckner and Francis, ‘Introduction’. That said, authors supposedly writing on the British World frequently use it as a synonym for settlement empire or the imperial connection.

Bridge and Fedorowich, ‘The British World’. There were exceptions, particularly Simon Potter’s work on the press which played a close attention to business. See Potter, News and the British world.

Ferguson, Empire, xxiv.


Cf. Belich, Replenishing the Earth, 21–23.

Belich, Replenishing the Earth.

Magee and Thompson, Empire and Globalisation.

[20] Not least because settlement depended on the construction of ‘lumpy’ social overhead capital, particularly railways, which only fully deliver returns when completed (and often long after completion). The shallow capital markets of the mid-Victorian settler colonies could hardly have provided the infrastructure for their late-nineteenth century expansion. See Cain and Hopkins, *British Imperialism*, 207–8; Belich, *Replenishing the Earth*, 86–89, 181–208.


[27] Wilkins, ‘Significance of the Concept ‘, 422.


[29] Here the British World displays its origins as an antidote to ‘nationalist’ historiographies and their tendency to exaggerate the significance of moments
of friction. For recent criticisms of the approach along these lines, see Korneski, ‘Britishness, Canadianness, Class, and Race’.

References


McAloon, J. ‘Gentlemanly Capitalism and Settler Capitalists: Imperialism, Dependent Development and Colonial Wealth in the South Island of New Zealand’.


