

## HOBSON REVISITED

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Every primer on imperialism pays perfunctory homage to Hobson's *Imperialism*<sup>1</sup> as the study from which admirers and critics alike have derived some sustenance for their examinations of Europe's explosive expansion overseas during the three or four decades before the first World War. Yet little thought has been expended on the particular circumstances that led to Hobson's concern with the problems of imperialism; nor, it must be added, have many investigators troubled themselves to assess the non-economic aspects of his study. Such an analysis is long overdue, but understandably it cannot be undertaken without looking afresh at Hobson's economic arguments. Perhaps the following reinterpretation will help to create a more balanced judgment of the debate that continues to bedevil the effort to penetrate the core of imperial drives and colonial policy.

It was L. T. Hobhouse who made it possible for Hobson to begin the journey that would focus his attention on the nature of imperialism.<sup>2</sup> As chief political leader-writer for the *Manchester Guardian*, Hobhouse persuaded his editor, C. P. Scott, to commission Hobson to undertake a tour of South Africa which, during the summer and autumn of 1899, was wavering between peace and war. Upon his return, Hobson contributed an article on the causes of the South African War to the *Contemporary Review*. Soon after, the articles which had appeared in the *Manchester Guardian* were published with additional material in book form as *The War in South Africa. Its Causes and Effects*.<sup>3</sup> It was warmly received by the Radical press, and some of the points he had raised were later elaborated in his study of the psychological implications of the chauvinism that was engulfing England and which he called *The Psychology of Jingoism*.<sup>4</sup> This much is common knowledge. His South African experiences convinced Hobson that the war was the outcome of a deliberate conspiracy planned and executed by a small group of self-seeking capitalists who had systematically exacerbated divisions between the Afrikaner and British groups. The Afrikaners did not, he insisted, constitute a solid bloc of opinion, anti-British and anti-*Uitlander*. Indeed, the oppor-

<sup>1</sup> *Imperialism, A Study* (3rd ed., London, 1938); first edition, 1902.

<sup>2</sup> J. A. Hobson, *Confessions of an Economic Heretic* (London, 1938), 60.

<sup>3</sup> 2nd edition, London, 1900.

<sup>4</sup> London, 1901.

tunity for a *rapprochement* between the two main groups had existed, but the fund of good-will had been tragically clouded by the cant of hypocrisy and hysteria; the Krugers and the Milners had aroused unworthy passions because the Smuts and the Schreiners had been prevented from making their views heard in a dangerously charged atmosphere that could not but end in an appeal to arms.

The most significant point to emerge from Hobson's analysis is his indictment of the great mining magnates and financiers; it was they who had plotted the war, and it would be they who would benefit from Afrikaner defeat. Who were they? Hobson had his answer; he did not shroud them completely in anonymity, but by lumping them together as "foreign Jews," he made them appear sinister and mysterious. To be sure, he apologized at the outset by declaring his reluctance to "state the truth about our doings in South Africa without seeming to appeal to the ignominious passion of *Judenhetze*."<sup>5</sup> But he would not shrink from his duty: ". . . recent developments of Transvaal gold-mining have thrown the economic resources of the country more and more into the hands of a small group of international financiers, chiefly German in origin and Jewish in race."<sup>6</sup> "It is not too much to say," he went on, "that this little ring of international financiers already controls the most valuable economic resources of the Transvaal."<sup>7</sup> The consolidation of mining interests under the Wernhers, Beits, Neumanns, Goetzes, Albus, Rudds, Barnatos, Robinsons appears, in Hobson's account, as the merciless, relentless and inescapable efforts of men who have by their "superior ability, enterprise, and organisation,"<sup>8</sup> outwitted and outcompeted the "slower-witted Briton." Through the Chamber of Mines, organized in 1889, these financiers gained control, Hobson maintained, of the industrial and political life of Johannesburg and the Transvaal.<sup>9</sup> But the clutch of their tentacles was not confined to control of the gold fields. While admitting that the interests of the men who controlled the dynamite monopoly were hostile to the mining industry, Hobson in the very same breath sought to give the impression that because Jews (Lippert, Lewis, Marks, Vorstmann, Phillip, Nobel) dominated the former, there really existed a community of interests among all Jews. The picture of a confederacy of Jews in places of influence and power was rounded out by an enumeration of their profitable exploitation of the liquor trade, the Stock Exchange, the press, gambling, loans, and mortgages.<sup>10</sup>

As if in anticipation of the charge of anti-semitism, Hobson ended

<sup>5</sup> *The War in South Africa*, 189.

<sup>6</sup> *Ibid.*

<sup>7</sup> *Ibid.*, 190-91.

<sup>8</sup> *Ibid.*, 189.

<sup>9</sup> *Ibid.*, 192.

<sup>10</sup> *Ibid.*, 193-94.

his account of Jewish domination in the Transvaal with the comment that "this international oligarchy may be better for the country and for the world than the present or any other rule; and England may be performing a meritorious world-service in establishing it."<sup>11</sup> This *non sequitur*, however, does not destroy the overwhelming impact of his anti-Jewish remarks. What other impression can be gained from passages reminding readers that "The Jews are *par excellence* the international financiers. . . . They fastened on the Rand . . . as they are prepared to fasten upon any other spot upon the globe. . . . Primarily they are financial speculators, taking their gains not out of the genuine fruits of industry, even the industry of others, but out of the construction, promotion and financial manipulation of companies. . . ." <sup>12</sup> Assailed by no doubts, he declared: "We are fighting in order to place a small international oligarchy of mine owners and speculators in power. . . . Englishmen will surely do well to recognize that the economic and political destinies of South Africa are, and seem likely to remain, in the hands of men most of whom are foreigners by origin, whose trade is finance, and whose trade interests are not chiefly British."<sup>13</sup> The war in South Africa for Hobson was therefore a conspiratorial game, played for high stakes but certain in its outcome. The Jews, as the economic predators of South Africa, were intent on becoming its political rulers. Manipulators of the press, both in their own preserve and in Britain through their connections with their brethren, they drugged the public, appealed to blood-lust by perverting the true springs of patriotism, and forced Chamberlain to dance to their diabolical tune.<sup>14</sup> These Jewish plotters would show

<sup>11</sup> *Ibid.*, 197.

<sup>12</sup> "Capitalism and Imperialism in South Africa," *Contemporary Review*, LXXVII (Jan. 1900), 5. Cf. Hobson's remarks with those of James A. Froude: ". . . a hundred or so Jewish merchants who have gathered like eagles over their prey." See "Leaves from a South African Journal," (1874) in *Short Studies on Great Subjects 1867-1882*, vol. IV.

<sup>13</sup> *The War in South Africa*, 197.

<sup>14</sup> "Capitalism and Imperialism in South Africa," 16. "When it is borne in mind," Hobson elaborated, "that this great confederation of press interests is financially cemented by the fact that Rand mining magnates are chief owners of at least two important London daily papers and of several considerable weekly papers, while the wider and evergrowing Jewish control of other organs of the press warrants a suspicion that the direct economic nexus between the English press and Rand finance is far stronger than is actually known, we shall have a clear comprehension of the press conspiracy which has successfully exploited the stupid Jingoism of the British public for its clearly conceived economic ends." *The War in South Africa*, 217. W. L. Langer, however, sets the record straight by showing that it was Rhodes who really controlled the most influential newspapers in South Africa and some of the London dailies. See *The Diplomacy of Imperialism* (2nd ed.; New York, 1960), 608-09.

their true colors on the morrow of victory. Then, as masters of the state, they would see to the enactment of laws guaranteeing "a large, cheap, regular submissive supply of labour." Their demand for favorable "railway rates, customs' laws, and the all-important issues relating to mineral rights, will force them into politics, and they will apply to these the same qualities which have made them so successful in speculative industry."<sup>15</sup>

These excerpts from Hobson's book on South Africa and his article in the *Contemporary Review* have been quoted *in extenso* for the purpose of underscoring a little-known facet of his work. The enormity of his distortions is doubtless shocking for many who scarcely imagined that the author of one of the most influential works on imperialism could also be a writer who indulged in arousing the very emotions he professed to abhor—blood-lust. Yet he did so, and the phrase "Jew-Imperialist"<sup>16</sup> rings ominously in the ears of twentieth-century man. Some explanation must be sought for this temporary aberration, for Hobson's condemnation of the Jews did not prove to be a feature of his later works, although the picture he subsequently drew of the imperialist-capitalist-financier is essentially the same as he depicted earlier minus his defamatory anti-Jewish references.<sup>17</sup>

Hobson would be quick to jettison his diatribe, but how account for it in the first place? He was not a professional newspaper man; accustomed to the serenity of his study or in command of an audience, perhaps the pressure of turning in despatches was too great a strain, so that what he would normally have rejected as superficial became reality. This explanation is not wholly satisfactory, because a great deal of what he did write in the same book on South Africa, particularly his analysis of the white-black economic and social nexus, was sound and prophetic.<sup>18</sup> No, it appears that the contagion of intense anti-Jewish sentiment, which was prevalent among Radicals and labor leaders who were certain that responsibility for the war was to be located in the unworthy motives of Jewish financiers, infected Hob-

<sup>15</sup> *The War in South Africa*, 196.

<sup>16</sup> *Ibid.*, 226.

<sup>17</sup> Cf. even the revised (1926) edition of *The Evolution of Modern Capitalism* (London), 268 and *Imperialism*, 57.

<sup>18</sup> I refer to his description of the demoralizing effects upon the Africans in the mines and compounds (*The War in South Africa*, 287) but especially to the following: "Let no one deceive himself. This strong deep-rooted general sentiment of inequality cannot be overridden by Imperial edict. Any attempt to secure real substantial equality of rights for the natives of South Africa will involve us in hostility with British and Dutch alike, and indeed furnishes the not improbable bond of future union of the now disrupted races which will eventually sever South Africa from the control of Great Britain." *Ibid.*, 291.

son. Their attempt to "enlighten" the British public during the war and on the eve of the 1900 election rested heavily on this thesis.<sup>18a</sup> Doubtless Hobson was also worried about the perversion of true liberal principles by the growing influence within the Liberal party of men who were not only willing to entertain the idea of expanding and fighting for the preservation of the empire but had become the unashamed apologists of greedy men and sordid methods.

In retrospect, one sees that he was mistaken and ascribed to the Jewish financiers in South Africa an influence greater than they in fact possessed. What was their rôle in the tangled South African scene? The diamond fields of Kimberley and the gold mines of the Witwatersrand attracted thousands of emigrants from Britain and her colonies,<sup>19</sup> and among them there was "more than a sprinkling from Riga and Kiev, Hamburg and Frankfurt, Rotterdam and San Francisco."<sup>20</sup> A small handful of Jewish financiers outside legitimate Jewish banking circles in Europe assumed the position of "middlemen through whom European capital was invested in the gold mining and diamond industries."<sup>21</sup> They were undeniably important in setting the pace which would alter the economy of the Transvaal and all of South Africa. Within its economic framework they functioned not as bankers, producers, and distributors but as commission men; commissions were the source of their profits; and these commissions they received for investing the steady accumulation of capital in search of good returns. They had performed these services in Europe in the seventies

<sup>18a</sup> See R. Koebner, "The Concept of Economic Imperialism," *Economic History Review*, 2nd ser., II (1949), 1-29, especially 27, fn. 1. More conclusive on this point is J. S. Galbraith, "The Pamphlet Campaign on the Boer War," *Journal of Modern History*, XXIV (1952), 119-20. John Morley's authority, for example, was quoted in one pamphlet for the statement that "a ring of financiers . . . mostly Jewish, are really responsible for the war." John Burns, in another, declared that the British army "had become in Africa the janissary of the Jews." Although this paper was completed before I was able to see R. Koebner and H. D. Schmidt's *Imperialism: The Story and Significance of a Political Word, 1840-1960* (Cambridge, 1964), I was able to examine their treatment of Hobson. They have dealt with Hobson's anti-Jewish analysis in much the same way as I have, *op. cit.*, 250-56. They should be consulted for the widely-held belief, in Britain and elsewhere, in the purported connection between Jewish finance and imperialism.

<sup>19</sup> J. H. Rose, A. P. Newton, E. A. Benians, *et al.* (eds.), *The Cambridge History of the British Empire* (8 vols.; Cambridge, 1929-63): Vol. VIII, E. A. Walker (ed.), *South Africa* (2nd ed., Cambridge, 1963), 460.

<sup>20</sup> C. W. De Kiewiet, *A History of South Africa* (Oxford, 1960), 119.

<sup>21</sup> H. Arendt, *The Origins of Totalitarianism* (New York, 1951), 198. I am indebted to Miss Arendt for her penetrating dissection of a controversial subject, and my views on the rôle of Jewish finance in South Africa owe a great deal of her.

and eighties and appeared in South Africa during the same period for the same purpose: "... to a large extent, they ... handled the influx of capital and its investment in the gold mines and diamond fields, and soon became more conspicuous than anybody else."<sup>22</sup> Without them the export of capital in its early stages would have been more difficult, but they were not destined to reap the full rewards of their enterprise. They can best be compared to pilot fish swimming in advance of the great whale which has its own purposes.

Their rôle was a transitional one, for two reasons. Responsible for the growth of the gold and diamond industries, they saw them develop to the point where *absentee* shareholders would ask for their government's political protection. In addition, though in many cases naturalized British subjects, they really had no government to which they could appeal. More than any other of the *Uitlanders*, their rootlessness and their social insecurity drove them to seek alliance with the man who could make them respectable habitués of exclusive Anglo-Saxon clubs—Cecil Rhodes. In return they were ready to introduce him to Britain's leading bankers.<sup>23</sup> After that, Rhodes, whose interests were not primarily economic but political, displaced them—Rhodes who transformed the gold rush into a truly imperialist mission. This is the deeper meaning of his financial operations which ended the competition of his rivals and established a virtual monopoly for the De Beers Company and the Consolidated Gold Fields.<sup>24</sup> Yet, at first, the Colonial Office believed that Rhodes' financial dealings were not in the interests of the empire.<sup>25</sup> In his own eyes, his monopolistic extensions required imperial protection, lest the Portuguese, German, and Transvaal governments move into areas which he deemed indispensable to the perpetuation of his monopolies. But beyond his insistent appeal for protection, his vision of British hegemony was to reveal the true elements of the imperialist compound. The chartering of the British South Africa Company is conceded as having had three objectives. In the first place, as a dividend-earning investment for its shareholders; secondly, as the means whereby Rhodes could fulfill his dream of preserving and acquiring territories in the area for the imperial crown; and lastly, as the most convenient method of maintaining Britain's "great enduring political interests of strategy, security and world power."<sup>26</sup> Miss Arendt puts the issues

<sup>22</sup> *Ibid.*, 202.

<sup>23</sup> See S. G. Millin, *Rhodes* (New York, 1933), 16, 86.

<sup>24</sup> R. Robinson, J. Gallacher, with A. Denny, *Africa and the Victorians: The Climax of Imperialism in the Dark Continent* (London, 1961), 234.

<sup>25</sup> *Ibid.*, 236.

<sup>26</sup> *Ibid.*, 251.

more graphically: "Rhodes succeeded in interesting the British government in his business affairs, persuaded them that expansion and export of the instruments of violence was necessary to protect investments, and that such a policy was a holy duty of every national government."<sup>27</sup> This, of course, is not the whole story. The resort to arms at the end of the century was as much due to the imperial government's conviction that failure to act would deliver a very crucial area of the world—crucial for strategic, economic and security reasons—to its German rivals in the imperialist contest for power.<sup>28</sup>

These then, in summary fashion, were the very complex constituents of the imperial power struggle in South Africa and are scarcely consonant with the over-simplified version presented by Hobson. There is this to be said about his thesis of powerful economic interests in the sub-continent deciding the issues: the British economy was not dependent upon the retention of South Africa, but the imperial government had willy-nilly tied itself to the mining, trading, and railway interests of the country. What Hobson was unable to see was that it threw its mantle of protection over them as the only way to preserve its supremacy in South Africa and only incidentally to provide a viable political framework for their commercial pursuits. That their power appeared so overwhelming is not surprising in the light of their obvious control of the country's economy. But Hobson equally obviously fell prey to a delusion in equating that control with an alleged Jewish-international conspiracy. The Jewish financiers had been pushed to the periphery after 1889, even though they were much in evidence in Johannesburg. They had less power, not more. But it was easier to attach nefarious motives to a group whose "machinations" were commonly believed to be at the root of every base action than it was to expose the much subtler and infinitely more involved relationships of the axis binding men like Rhodes and London. It is, of course, a commonplace to note that the activities of Jewish financiers had attracted condemnation throughout Europe from

<sup>27</sup> Arendt, *op. cit.*, 203. Cf. Robinson, Gallacher, and Denny, *op. cit.*, 469: "It was the Rhodesians' thesis that the Transvaal must be brought under the control of an English-speaking majority. Fearing to lose their last allies, Chamberlain and Milner became their prisoners and followed them over the edge of war."

<sup>28</sup> For a good review of what was inevitably involved in the world-wide struggle for power and influence, see R. G. Hammond, "Economic Imperialism: Sidelights on a Stereotype," *Journal of Economic History*, XXI (1961), 582-98, especially, 595, 596, for the author's stimulating style: ". . . the Foreign Office was not a branch of the House of Rothschild, . . ." More to the point is his comment that ". . . it is emphatically not the case that the Foreign Office or even the Colonial Office in the nineties was chiefly engaged upon economic questions. Their chief concern was playing the good old game of power politics."

polemicists, politicians, and writers both on the Right and on the Left. That Hobson should have shared the fears and suspicions of the Afrikaners, whose grasp of events was elementary and unsophisticated, is rather more surprising. Yet his views were essentially similar: the homeless, wandering Jew, mysterious and shadowy, bound by tradition and secrecy to all Jews, plotting to carve out one more area of the world in his ageless quest for universal domination. The stereotype caught Hobson in its clutches, as it did so many others. This alleged Jewish conspiracy was a readily available symbol so all-inclusive as to dull the critical sense, the faculty that would have made him realize that the Jews were conspicuous because they were Jews; that they were a less homogeneous group than supposed; that they were hardly unanimous in their political goals; that there were rivalries between them; that their desire for cheap labor did not exclude the possibility of less selfish motives; and, above all, that their significance as the deciding force in South African politics and imperial policy was highly exaggerated.<sup>29</sup> Hobson never relinquished his belief that the war in South Africa was the work of the Rand capitalists;<sup>30</sup> indeed, the South African laboratory was the source of his conviction that the demands of international finance were the propellants of imperialist policy—one of the key propositions in his *Imperialism*. He did, however, reject the most violent anti-Jewish crudities of his early analysis.

This abandonment came in remarkably short order. His full-scale study of imperialism scarcely alludes to the Jews. But even before it appeared, he revealed the acuity of his judgment in his study<sup>31</sup> of

<sup>29</sup> For two accounts that restore humanity to Hobson's "faceless men," see J. Percy Fitzpatrick, *South African Memories* (London, 1932), and P. H. Emden, *Randlords* (London, 1935). Although Fitzpatrick was a partner in the Eckstein firm and therefore could not be a dispassionate observer—he was also the author of *The Transvaal from Within* (London, 1899), one of the most influential of the anti-Afrikaner tracts to appear during the South African War—he can be a useful source of information, particularly on the question of the rivalries between various economic groups in Johannesburg. For example, the mining groups were constantly trying to end the government's monopoly concessions to the Netherlands Railway (which controlled all the Transvaal railways), to the holders of the dynamite concession, and to the grantees of the liquor concession as well as others (159–60, 162, 252). Fitzpatrick was also aware that despite strong exceptions, "the Jews confined their interests to the business of money-making. They wanted no disturbance of any kind; political reforms seemed to offer no improvement in their business" (42). See Emden (327–31) for confirmation of the anti-British rôle of the three Lippert brothers, each of whose goals was quite different. Indeed, one of them, Edouard, the holder of the railway, liquor and dynamite concessions, was pro-Boer. Cf. Koebner and Schmidt, *op. cit.*, 236: "The actual conflict of 1899, . . . would have been avoided, if the capitalists of the Rand alone had had a say in the matter."

<sup>30</sup> *Confessions of an Economic Heretic*, 61.

<sup>31</sup> *Op. cit.*



national hysteria, the jingoism of the troubled period of the early twentieth century which in so many ways was the precursor of the mass psychosis so familiar to us today. In his attempt to analyze the workings of the mass mind, he exhibited a cool rationality warmed by the indignation of a humanitarian, qualities that were unfortunately absent in his work on South Africa. Indebted to Le Bon's study on *The Crowd*,<sup>32</sup> his dissection of crowd mentality commands respect for its merciless isolation and magisterial synthesis of the various constituents that make up mob attitudes, postures, fantasies, and rationalizations. It is more than an expansion of his early stray observations on the power of the press to captivate minds ready to yield to massive doses of propaganda. Yet its main argument is to be found in the same article on South Africa for the *Contemporary Review* where it is embedded in an attack on the financiers, his favorite target at the time. They, he declared, "consciously . . . [use] . . . the generous . . . impulses of humanitarian sentiment, and [rely] . . . upon one powerful secret ally which ever lurks in the recesses of the national character. This ally is that race-lust of dominance, that false or inverted patriotism which measures the glory of its country by another's shame. . . ." <sup>33</sup>

It is desirable to examine more fully the main points Hobson made, for in doing so it will become more evident that to him should go part of the credit traditionally claimed for Schumpeter <sup>34</sup> for having advanced the theory that imperialist drives are motivated by irrational or non-rational motives. According to Schumpeter nations and classes throughout history have sought "expansion for the sake of expanding, war for the sake of fighting, victory for the sake of winning, dominion for the sake of ruling" and that consequently imperialism must be "the objectless disposition on the part of a state to unlimited forcible expansion." <sup>35</sup> The basis for this belief was Schumpeter's contention that the motives whereby men, classes and nations act do not spring from the objective circumstances of their own environments but rather from the past, which demanded the qualities

<sup>32</sup> G. Le Bon, *The Crowd, A Study of the Popular Mind* (London, 1914). First published in English in 1896, it had nine printings by 1914. Le Bon's concepts and terminology are incorporated in Hobson's study. It would be tedious to make an inventory of them.

<sup>33</sup> "Capitalism and Imperialism in South Africa," 16.

<sup>34</sup> *The Sociology of Imperialism* (New York, 1951). It should be noted that W. L. Langer ("A Critique of Imperialism," *Foreign Affairs*, XIV [Oct. 1935], 102-119) acknowledges Hobson's insights, although he seems to have ignored his book on jingoism in which they first appeared.

<sup>35</sup> *Ibid.*, 5, 6.

of the warrior for the sake of survival. Hence the "psychological dispositions and social structures" of a previous age persist and are kept alive by groups who will resort to war to improve their economic or social status and their power.<sup>36</sup> Thus, in Schumpeter's own words, imperialism "is an atavism in the social structure, in individual, psychological habits of emotional reaction."<sup>37</sup> In treating the imperialism of his own day, he noted that the appeal to national feeling triggered off automatic instincts that submerged rational processes and brought into play the forces of "belligerence, the need to hate, a goodly quota of inchoate idealism, the most naïve and hence also the most unrestrained egotism."<sup>38</sup> Would these unworthy exhibitions ever end? His prognosis was an optimistic one, for he predicted that man's primitive emotions would in time be replaced by the "progressive realization of life and mind. . . ."<sup>39</sup> Most striking in Schumpeter's account was his confidence in the ultimate conquest of imperialism by capitalism on the ground that<sup>40</sup> their origins are worlds apart. Where imperialist drives are instinctive, irrational and aggressive, capitalist drives are rational and conducive to the maintenance of peace.<sup>41</sup> Capitalist society, once it threw off the excrescences of the past, would be anti-imperialist.

When we approach Hobson's treatment of the same subject, we find that he also adverted to the presence of "primitive passion," and the "survival of savage nature,"<sup>42</sup> which the climate of war will raise from the province of the unconscious. The clues for this he found in his reading of Le Bon's study of the mob-mind. Unlike the rational response of the individual, the response of the crowd or mob is intellectually and morally lower, "less amenable to ordinary rules of reason" and similar to that of the savage or child.<sup>43</sup> Up to this point, Hobson's description of jingoism is not unlike Schumpeter's description of irrational motives from the remote past cropping up periodically in time of cultural stress. But there the resemblance ends, for while both agreed that the dominant social reaction to stress is rooted in instinctual behavior, Hobson claimed that modern civilization, rather than mitigating the worst effects of mass action, intensifies them. For Schumpeter capitalism with its emphasis on man's rationality, individuality, and democratic tendencies tends to negate primi-

<sup>36</sup> *Ibid.*, 64.

<sup>37</sup> *Ibid.*, 65.

<sup>38</sup> *Ibid.*, 12.

<sup>39</sup> *Ibid.*, 65.

<sup>40</sup> For a critique of this feature in Schumpeter's analysis, see M. Greene, "Schumpeter's Imperialism—a Critical Note," *Social Research*, XIX (Dec. 1952), 453–63.

<sup>41</sup> *The Sociology of Imperialism*, 69–73.

<sup>42</sup> *The Psychology of Jingoism*, 2, 12.

<sup>43</sup> *Ibid.*, 17, 19.

tivism; for Hobson the very nature of industrial conditions—overcrowding, the deadening effects of mechanical routine, the difficulty in forming enduring social relationships, the rising incidence of neurotic diseases—weakens “discriminatory and rational powers” and fosters an atmosphere congenial to the spread of “violent appeals to hate and the animal lust of blood. . . .”<sup>44</sup> The absence of political, religious and moral principles, the collapse of clear thinking and the weakening of a sense of individual responsibility are additional reasons for this mass receptivity to the most improbable distortions of reality.<sup>45</sup> Contrary to Schumpeter’s confidence in capitalism’s rational features, Hobson pessimistically concluded that “the canons of reasoning which they [the educated classes] habitually apply in their business or profession, . . . are superseded by the sudden fervour of this strange amalgam of race feeling, animal pugnacity, rapacity, and sporting zest which they dignify by the name of patriotism.”<sup>46</sup>

Are then the two writers similar only because of their common detestation of mob passion and their tireless exposé of the savage instincts lingering in man’s psyche? They differed, it is true, on the question of how the barbarism of the past managed to play so significant a part in shaping the responses of the present: Hobson rested his case on the thesis that a powerful knot of financiers and politicians consciously fanned the poisonous fumes of hate for a non-existent enemy, while Schumpeter insisted that the motives of imperialistic policies have an independent life of their own and do not require artificial summoning. Nevertheless, like Hobson, he acknowledged that there were, even in capitalist society, men and classes who were only too ready to exploit humanity’s credulity for their own benefit. What also binds Hobson and Schumpeter is the former’s implicit appeal to a rational ordering of society which, thus far in his intellectual development, he felt could be achieved by a reawakening of man’s discriminatory powers and the latter’s explicit statement of belief in man’s capacity to sublimate his baser instincts. Where the two part company is in their differing conceptions of the value-system of a capitalist culture.<sup>47</sup>

<sup>44</sup> *Ibid.*, 8.

<sup>45</sup> *Ibid.*, 13.

<sup>46</sup> *Ibid.*, 21.

<sup>47</sup> We would be derelict in our duty were we not to mention *en passant* that Hobson’s verbal images and ideas provide a powerful and striking anticipation of Freud’s own. Compare the language in the following passages. The first was written by Hobson at the time of the South African War and the second by Freud towards the end of the first World War: (1) “The Jingo spirit is a blind fury, which disables a nation from getting outside itself or recognizing the impartial spectator in another. There is the quintessence of savagery, a complete absorption in the present details of a sanguinary struggle inhibiting the mental faculties of imagination and

All this was preparatory to Hobson's full-scale treatment of imperialism, which appeared in 1902. His analysis of the economic foundations of imperialism borrowed heavily from his previous works, but was more fully developed. It should first be noted that his earlier castigation of the financiers was repeated and, but for its heavily muted tone, could be mistaken for one of the passages in his South African study. Again the great financial houses were singled out as the villains. Forming "the cultural ganglion of international capitalism" controlled "*chiefly by men of a single and peculiar race, who have behind them many centuries of financial experience, they are in a unique position to manipulate the policy of nations.*"<sup>48</sup> These cosmopolitan adventurers were, Hobson contended, to be distinguished from the men whose industrial investment abroad was genuine. The latter's interests were unfortunately never fulfilled because their investments were deviously routed into illegitimate channels by the financiers whose profits lay "in the oscillation of paper values, which require fluctuation and insecurity of political conditions as their instrument."<sup>49</sup> In short, Hobson reiterated the theme of an international fraternity of Jewish financiers pulling the strings of Europe's economic and political institutions.

Yet the accusation did not form the central core of his onslaught against the economics of imperialism. He was much more concerned with the problem of why the financiers had been able to achieve their positions of power; the inner logic of capitalism is what attracted his attention. For all those familiar with the literature on imperialism, Hobson's assumption that the search of surplus capital for profitable investment and of surplus goods for new markets denied them at home is the "economic taproot of imperialism" is almost commonplace. The immense expansion of the industrial machine, he observed, created problems with which capitalism could not cope. It was not in-

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forethought which are the only safeguards of a policy." (*The Psychology of Jingoism*, 78); (2) "And now just look at what is happening in this wartime, at the cruelties and injustices for which the most civilized nations are responsible, at the different ways in which they judge of their own lies, their own wrongdoings, and those of their enemies, at the general loss of clear insight . . ." (Letter of October 9, 1918 to Pastor Pfister in E. Jones, *The Life and Work of Sigmund Freud* [3 vols.; New York, 1953-57], II, 457-58, cited in H. S. Hughes, *Consciousness and Society* (New York, 1961), 143). It should also be observed that Freud made Le Bon's study the basis of an investigation into group psychology in 1921. It was translated into English as *Group Psychology and the Analysis of the Ego* (London, 1949). Needless to say Freud's fertile mind related group responses to his theories of personality formation and personal neuroses.

<sup>48</sup> *Imperialism*, 57 (my emphasis).

<sup>49</sup> *Ibid.*, 359.

dustrial progress, however, that demanded the opening of new markets and investment areas, but the maldistribution of consuming power, which inhibited the absorption of commodities and capital within the country. Was there any way to end underconsumption at home? Only a progressive and more humane system of redistribution, by increasing wages and introducing a progressive system of taxation, would obviate capitalism's need to expand imperialistically.<sup>50</sup> Few have really dealt with his conviction that overproduction, overinvestment, oversaving, underemployment, underconsumption, and under-spending were characteristic of Britain's economy at the beginning of this century. Hobson's critics have rather questioned his view that capitalism's incapacity to deal with these problems was the driving force of imperialism and have denied that there was a necessary connection between imperialist expansion and the quest for markets and new areas for investment.<sup>51</sup> But fewer critics have noticed that Hobson did not fail to point out first, that the bulk of Britain's foreign trade was not carried on with her colonies, second, that her trade with her new tropical possessions was the smallest, least progressive, and most fluctuating in quantity,<sup>52</sup> and, finally, that her most profitable and progressive trade was carried on with rival industrial nations.<sup>53</sup> What he was obviously arguing was that Britain's economy was not dependent on her trade with the colonies and could function as well or even better were it run on the principle of measuring the gains from selling abroad against those from selling at home.<sup>54</sup> Again, he admitted that it would neither be possible nor desirable for Britain to dispense with her external markets and that trade with the self-governing colonies was increasing, but he was prepared to discount the trade of the tropical possessions as minimal and too costly for the economy to sustain: on a strictly business basis, Britain was pursuing a foolish and expensive policy. Why then had she been gulled into doing so? Hobson's answer was that although irrational in terms of the nation's interests, this species of imperialistic trade served sectional interests, certain classes, and certain trades.<sup>55</sup> Thus his appeal was for Britain to abandon a senseless and expensive competition

<sup>50</sup> *Ibid.*, 85.

<sup>51</sup> Langer, *The Diplomacy of Imperialism*, 74.

<sup>52</sup> *Imperialism*, 39.

<sup>53</sup> *Ibid.*, 71. For example, Langer in his article, "A Critique of Imperialism," overlooked the meticulous care with which Hobson developed his point on this question. However, D. K. Fieldhouse did not. See his article, "'Imperialism': An Historiographical Revision," *Economic History Review*, XIV (1961), 187-209, especially 187-88.

<sup>54</sup> *Imperialism*, 30.

<sup>55</sup> *Ibid.*, 46-47.

with France, Germany, and Russia in China and Africa—their hostility to Britain, he incidentally ascribed to Britain's taking the lead in aggressive imperialism<sup>56</sup>—adopt a policy of free trade, assume a purely defensive attitude regarding her existing empire, and abstain from acquiring new territories.<sup>57</sup> In the end, resumption of a full free-trade policy and the abandonment of neo-mercantilist views<sup>58</sup> could not but benefit Britain, since “the ever-growing industrial co-operation of the civilized nations through trade does not permit any nation to keep to herself the gain of any market she may hold.”<sup>59</sup> Britain should confidently “await the profit which must accrue to us from every increase of world-wealth through ordinary processes of exchange.”<sup>60</sup>

No more eloquent statement of Cobdenism was possible at the threshold of an era of autarchy; and no more realistic recognition of Britain's true interests was available, for as a recent writer has so convincingly proven, Britain was at the center of a world system of multilateral trade. Her renunciation of free trade would have obliged other industrial powers to terminate their purchases of raw materials in the empire, and thus not only upset her favorable balance-of-payments position but also jeopardize the harmonious functioning of the international economy.<sup>61</sup> This is not to say that Hobson grasped the full importance of Britain's colonial markets; he perhaps tended to minimize it. On economic grounds, on the other hand, he was right to insist that much more was to be gained by a policy of free trade than by bringing the colonies into a closer relationship with Britain by a system of protection. This explains his castigation of those economic interests who wished to shelter under its mantle—the industrialists whose sales were encountering the stiff competition of their European rivals and who were confident that imperial preference would cement the empire and insulate Britain's economy from the hot blasts of western Europe's and America's developing industries.<sup>62</sup>

<sup>56</sup> Cf. Langer, (“A Critique of Imperialism,” 111), who declared that the British responded to the policies of France and Germany after 1870.

<sup>57</sup> *Imperialism*, 64–69.

<sup>58</sup> Of course, Hobson did not use the term, but his attack on protectionism can be taken as an attack on what came to be known later as neo-mercantilism.

<sup>59</sup> *Imperialism*, 67.

<sup>60</sup> *Ibid.*, 69.

<sup>61</sup> For confirmation of the benefits of free trade to Britain and the world, see S. B. Saul, *Studies in British Overseas Trade 1870–1914* (Liverpool, 1960), especially chapter III.

<sup>62</sup> *Imperialism*, 66–67, 71–73, 102–09. The chief reason for Britain's decline in exports was her over-reliance on her traditional exports (textiles and railway equipment) to the neglect of such up-and-coming and expanding industries as heavy machinery, automobiles, and electrical equipment. See Saul, *op. cit.*, 220, 229.

They were the groups against whom Hobson directed some of his most barbed expressions of contempt. His more immediate concern was to halt the "rot" of protectionism from spreading within the Liberal party, for it was in dire danger of being captured by men for whom imperialism appeared to be the answer to their "business interests and their social prepossessions."<sup>63</sup>

The weightiest part of his case against the economics of imperialism was its supposed connection with investments seeking new and better outlets. "The period of energetic Imperialism," he wrote, "coincided with a remarkable growth in the income for foreign investments."<sup>64</sup> Approvingly he cited Achille Loria, one of Italy's leading Marxist vulgarizers: "And why, indeed, are wars undertaken, if not to conquer colonies which permit the employment of fresh capital, to acquire commercial monopolies, or to obtain the exclusive use of certain highways of commerce?"<sup>65</sup> There are, of course, many legitimate reasons for rejecting Hobson's hypothesis. It has been pointed out that Britain was a great exporter of capital during the heyday of anti-imperialistic sentiment,<sup>66</sup> and that her policy of territorial annexation—the extension of the formal empire—during the last decades of the century was not related to economic problems at home but was prompted rather by the government's conviction that the country's vital interests (other than economic) were at stake;<sup>67</sup> it has been suggested that capital exports were an inextricable part of the British economy without which it could not have developed, and were therefore not a safety valve measure;<sup>68</sup> and it has also been

<sup>63</sup> *Imperialism*, 144. Hobson's fears were not without foundation, for the Radicals within the Liberal party were soon to be overwhelmed by the Liberal Imperialists.

<sup>64</sup> *Ibid.*, 52.

<sup>65</sup> *The Economic Foundations of Society* (London, 1899), 267, translated from the 2nd French edition. Quoted in *Imperialism*, 73.

<sup>66</sup> Langer, "A Critique of Imperialism," 103.

<sup>67</sup> J. Gallacher and R. Robinson, "The Imperialism of Free Trade," *Economic History Review*, VI (1953), 1–15. The authors' thesis should be examined critically in the light of the reminder that however "informal" was the growth of the empire before 1870, the opposition to it from men like Cobden was unrelenting. See O. Macdonagh, "The Anti-Imperialism of Free Trade," *Economic History Review*, XIV (1962), 489–501.

<sup>68</sup> See A. K. Cairncross, *Home and Foreign Investment 1870–1913* (Cambridge, 1953). Cairncross (183) cites figures to show that by 1885 the empire was absorbing 52% of Britain's investments abroad. These statistics have been questioned by A. H. Imlah, *Economic Elements of the Pax Britannica. Studies in British Foreign Trade in the Nineteenth Century* (Cambridge, Mass., 1958), 72–75, and by H. H. Segal and M. Simon, "British Foreign Capital Issues, 1865–1894," *Journal of Economic History*, XXI (1961), 566–81, especially 572, 574, 579, according to whom imperial capital issues on the London market reached 46% of the total between 1865 and 1894.

observed that the drive behind capital exports gained its momentum from newly developing countries which required them urgently.<sup>69</sup> However adamant he was in maintaining his hypothesis, Hobson seemed sufficiently aware of where these investments went to observe, first, in his 1900 article on imperialism in South Africa, that "the strongest forms of international capitalism consist of investments in powerful civilized states. . . . The property and investments held by British subjects in the United States, in France, or in Germany, though they are economic forces making towards a true informal political internationalism, cannot be regarded as making for political fusion of the countries,"<sup>70</sup> and later in his *Imperialism* that "the well-to-do and politically powerful classes in Great Britain to-day derive a large and ever larger proportion of their incomes from capital invested outside the British Empire."<sup>71</sup> What he feared was that Britain's political control over dependent colonies in Africa and Asia would be extended, under the pressure of investors, industrialists, and financiers, to all states where they had an industrial stake,<sup>72</sup> with war the inevitable result. Thus, it is unfair to press the point<sup>73</sup> that Hobson merely assumed that a high proportion of investments found its way to the colonies; obviously he did not. It is not too much of an exaggeration to suggest that he was groping towards a theory of imperialism predicated exclusively upon financial control without the accompanying forms of political control, with the possibility that the latter might be imposed as a policy upon governments whose economic destinies had gradually been alienated from them.

On the basis of the evidence thus far it would seem that Hobson's study, which has been described as "the single most important investigation of the causes of imperialism,"<sup>74</sup> is an even richer source for students wrestling with the intricacies of the theories and practices of modern imperialism than is usually recognized. How fruitful it is can be gauged fully only if more is made of its non-economic arguments. For here, more elaborately and with a profusion of detail, Hobson surveyed the multitude of forces shaping imperialist expansion. It is an astounding fact that more than two-thirds of his book is devoted to the politics of imperialism! Yet the relative neglect of this feature of the book continues. The contrast drawn between nationalism and imperialism, in which nationalism is regarded as the basis of a true internationalism, and imperialism as the perversion of

<sup>69</sup> See R. Nurske, *Patterns of Trade and Development* (Stockholm, 1959).

<sup>70</sup> *Loc. cit.*, 2.

<sup>71</sup> *Op. cit.*, 357.

<sup>72</sup> *Ibid.*, 358.

<sup>73</sup> As is done by Fieldhouse, *loc. cit.*, 189-90.

<sup>74</sup> R. W. Winks, *British Imperialism: Gold, God, Glory* (New York, 1963), 4.



nationalism, was adopted by at least one recent writer on the subject.<sup>75</sup> Others have given Hobson credit for proposing the origin of the mandate or trusteeship system.<sup>76</sup> All conversant with the literature are aware that he did not overlook the work of explorers, the zeal of the missionaries, the moves of the politicians, the pseudo-scientific views of men like Pearson, Giddings, and Kidd who believed in the inevitability and desirability of a race struggle, or in the superiority of the Anglo-Saxon race, or in a ruthless drive for human efficiency which would root out the weak and ensure the survival of the fittest.<sup>77</sup> Thus, many writers are deeply in debt to him, but perhaps none more so than Keynes, whose revival of the underconsumption theory and whose belief in full employment as the cornerstone of a system of international trade, in which the exchange of goods and services would flow unimpeded, seemed to be an echo of one of Hobson's chief ideas.<sup>78</sup>

One must, however, insist again that Hobson's lasting contribution is his psychological analysis of imperialism. He was at his best in laying bare the roots of man's infinite capacity for self-deception, for man naturally seeks some ethical underpinnings for his approval of policies he would ordinarily condemn at home. Much that was unbelievably sordid and barbaric was made palatable by clothing it in humanitarian and Christian garb. It is man's need to rationalize mo-

<sup>75</sup> See *Imperialism*, 10-11, 164, 168-69, 170-71, 189 for Hobson's thoughts on this question. Cf. E. M. Winslow, *The Pattern of Imperialism: A Study in the Theories of Power* (New York, 1948), 3-8. Also compare Langer's remarks that imperialism is "an aberration, to be classed with the extravagances of nationalism," *loc. cit.*, 110. Note, however, that Langer then says that imperialism was "a projection of nationalism beyond the boundaries of Europe," 112. Winslow obviously is more consistent and more in agreement with Hobson.

<sup>76</sup> See H. N. Brailsford's lecture entitled *The Life-Work of J. A. Hobson* (London, 1948) and Fieldhouse, *loc. cit.*, 192.

<sup>77</sup> *Imperialism*, 154-60. The most valuable review of Pearson's and Kidd's social-Darwinism is to be found in B. Semmel, *Imperial and Social Reform. English Social-Imperial Thought 1895-1914* (Cambridge, Mass., 1960), 29-52; and for a brief but succinct statement on the Neo-Hegelians, T. H. Green, F. H. Bradley and Bernard Bosanquet and their links with imperialist ideology see G. Lichtheim, "Power and Ideology," *Partisan Review*, XXX (Summer, 1963), 251. Bosanquet's *The Philosophical Theory of the State* (London, 1899) was criticized by Hobson as a negation of the ethical foundations of nationalism and as an invitation for exploitation of weak by strong states.

<sup>78</sup> See J. M. Keynes, *The General Theory of Employment Interest and Money* (New York, 1936), 30-31, 381. Lenin's debt to Hobson has often been mentioned, but as Fieldhouse, *loc. cit.*, 193 stresses, Hobson believed that distributive reforms would make imperialism superfluous, while Lenin saw imperialism as an inherent evil in capitalist development.

tives which Hobson singled out as the monster that feeds on a nation's moral substance.<sup>79</sup> Mass self-delusion or mass self-hypnosis is what accounts for actions which a disinterested outsider would condemn categorically. Hypocrisy cannot explain imperialism; it is much more serious than that, although, as Hobson was well aware, imperialists of one nation are able, without any pangs of conscience, to attribute the highest motives to themselves and the lowest to their rivals who, they charge, act under a mask of hypocrisy.<sup>80</sup> No, the condition of imperialism's success is that "it should be unconscious. . . . There is of course much more than this in the psychology of Imperialism, but there are two main factors, the habit and capacity of substituting vague and decorative notions, derived through 'masked words,' for hard naked facts, and the native or acquired genius for inconsistency."<sup>81</sup> At this point, Hobson made one of his most salient observations: the men and cliques who stood to gain from imperialism were the victims of their own propaganda.<sup>82</sup> It is a state of mind which recalled to Hobson Plato's warning that the lie that betrays men is a lie in the soul.

Having examined man's perverse genius for retaining conflicting ideas or feelings about his country's actions and purposes, Hobson then proceeded to show that they are nurtured by what he called *milo-mania* (a term borrowed from the French writer, Novicov)—which is man's instinct to control land, a primitive drive sublimated in modern times by man's love of travel, adventure and sport, but easily unleashed by conditions of war or near-war with its appeal to the "lust of slaughter and the crude struggle of life involved in pursuit."<sup>83</sup> Primordial instincts lurking in the recesses of man's mind are brought to the surface artificially by the popular press and by a chauvinistic and xenophobic system of education starting in the primary schools and ending in the universities.<sup>84</sup> These agencies—and Hobson did not exempt the church—idealize the "primitive lusts of struggle, domination, and acquisitiveness . . . , weave thin convenient theories of a race struggle for the subjugation of the inferior peoples . . . while social ethics paints the motive of 'Imperialism' as the desire to bear the 'burden' of educating and elevating races of 'children'."<sup>85</sup>

It should now be apparent that Hobson's analysis of imperialism's non-economic aspects are as important as, perhaps more important than, his economic studies. He himself was to admit this in his autobiography, where he over-modestly declared his failure to gather "into

<sup>79</sup> *Imperialism*, 198.

<sup>80</sup> *Ibid.*, 201.

<sup>83</sup> *Ibid.*, 213.

<sup>81</sup> *Ibid.*, 211.

<sup>84</sup> *Ibid.*, 217–21.

<sup>82</sup> *Ibid.*

<sup>85</sup> *Ibid.*, 221–22.

clear perspective the nature of the interaction between economics, politics, and ethics. . . ." <sup>86</sup> He wrote these words two years before his death. Long before this, he had retreated from his condemnation of international finance as the source of imperialism and come round to the view that the increasing internationalization of financial institutions and ownership of capital was the best guarantee of peace, the most effective means of stimulating production of low-cost goods, and the instrument of the progressive amelioration of the condition of under-developed (*sic*) areas. <sup>87</sup> Implicit in this was the necessity of free trade and the repudiation of protectionism. Looked at closely, it can be seen that Hobson's position in 1911 was an almost desperate answer to a situation which he had warned against in his *Imperialism*: the possible development of an internationalism based upon an alliance of European states: "A European federation of great Powers which, so far from forwarding the cause of world-civilization, might produce the gigantic peril of a Western parasitism, a group of advanced industrial nations, whose upper classes drew vast tribute from Asia and Africa. . . ." <sup>88</sup> It seems clear that Hobson's prescription for the world—genuine internationalism, relying on international co-operation in the fields of transportation and communications, in controlling the oscillations of monetary exchange, in the establishment of courts and other agencies, and, of course, in regulating economic institutions <sup>89</sup>—foreshadowed the arguments he employed in 1911.

Hobson concludes *Imperialism* with a call to a return to reason: "The ascendancy of reason over brute impulse." <sup>90</sup> The longer he lived the more pronounced in his writings became the theme of the growing irrationality of man and society. He died in 1940 and was spared the horrors of man's most monumental exhibition of brutality. It may be said in tribute to him that his subtle mind prevented him from committing the error of constructing his imperialism exclusively on an

<sup>86</sup> *Confessions of an Economic Heretic*, 63.

<sup>87</sup> *An Economic Interpretation of Investment* (London, 1911), 95–96, 118. Cf. Winslow, *op. cit.*, 102. See also, D. H. Kruger, "Hobson, Lenin, and Schumpeter on Imperialism," this *Journal*, XVI (1955), 252–59, esp. 254–55.

<sup>88</sup> *Imperialism*, 364. One cannot be struck by the similarity of Hobson's warning and that which certain sections of the British Labour party recently issued in their opposition to Britain's joining the European Common Market which, they charged, is dominated by a France and a Germany quite oblivious of the needs of Asia and Africa. Indeed, the E.C.M. stinks in the nostrils of these Labour politicians and intellectuals as reminiscent of imperialism, and their appeal for a wider international responsibility for the underdeveloped regions is fundamentally the same as Hobson's.

<sup>89</sup> *Ibid.*, 363.

<sup>90</sup> *Ibid.*, 368.

economic basis<sup>91</sup> and that much of what we have experienced since his death was clearly and, at times, brilliantly foreseen by him.

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<sup>91</sup> Three studies which try to focus the shortcomings of an economic interpretation are those by M. Blaug, "Economic Imperialism Revisited," *Yale Review*, L (1961), 335-49; D. S. Landes, "Some Thoughts on the Nature of Economic Imperialism," *Journal of Economic History*, XXI (1961), 495-512; and F. Crouzet, "Commerce et empire: L'Expérience (britannique) du libre-échange à la première guerre mondiale," *Annales. Economies Sociétés Civilisations*, 19th year, no. 2 (1964), 281-310. Blaug should be read because he deals with the weaknesses of an economic interpretation for an explanation of developments since 1945. Landes is refreshing for his refusal to reject the value of an economic interpretation and his reminder that it cannot naturally account for everything. (But it is suspected that the monistic view of history will never die.) Crouzet's article is excellent for its mastery of the materials. Koebner and Schmidt (*op. cit.*, 271-72) see Hobson as the writer to whom the Marxists, Fabians and even American historians are indebted for what evolved as a "victory for the concept of economic imperialism." This, I suggest, gives Hobson more than is his due. The phraseology he employed lent itself to easy adoption, and the climate of opinion in which he wrote favored quick acceptance of his view on the "seamier" side of colonial policy. But while he probably did more than anyone to set the tone of discussion and writing on imperialism, by his own confession, by his early stress on psychological factors and by his later revisions, he acknowledged the inadequacies of a strictly economic interpretation.