HISTORY 1682

**Economic Imperialism in Late Nineteenth-Century Europe**

Extensive debates in modern history have revolved around the fundamental causes of the “New Imperialism” era in the late nineteenth century. Many historians offered a wealth of explanations for this overwhelming expansion of European controls over much of the East Hemisphere. Some suggested the widespread imperialism was predominantly driven by political considerations, such as international rivalries, naval strategies, and nationalist beliefs. Some claimed that the differences in religion and political system between the European metropolises and the under-developed colonies contributed to the military conflicts. From my perspective, patriotic speeches regarding imperialist expansion and the wishes to spread civilization and Christianity were merely glamorous propagandas to unite the interests of the population. The true motives of European Imperialism in the late nineteenth century rooted in the economic aspect, specifically attributed to a common surplus of manufacturing outputs, a shrink in import demands due to protectionist policies, and a desire to acquire new markets of raw materials and cheap labors.

European countries have experienced unprecedented economic advancement in the second half of the nineteenth century, thanks to the spread of Industrial Revolution originated in Britain. Although domestic governments adopted different industrial polices, geographic proximity and interconnectedness of major European metropolises by the newly-built railway network ensured a universal takeoff in the living standard and labor productivity on the continent. As Ferry mentioned in his speech before the French National Assembly, “if the world had not been subjected to the economic revolution which is the product of the development of science and the speeding up of communications…...now not only England, but with Germany, which had not yet become an industrial power.”[[1]](#endnote-1) As a politician who embraced imperialist policies, Ferry expressed his concerns about the presence of not only the old rival, Britain, but also some new competitors like Germany in the race of overseas territorial expansion. In fact, the Gross National Product per capita of Germany and Britain had nearly doubled from 1850 to 1890, and France had also witnessed a staggering 170% growth rate of GNP in the same period.[[2]](#endnote-2) However, a common prosperity of European people didn’t imply a common success of political leaders. Rising manufacturing outputs due to advancement in technology and labor productivity had exceeded the demands of the European population, which led to an eventual decline in commodity prices that triggered the continentwide “Great Depression” lasting from early 1870s to late 1890s.[[3]](#endnote-3) The decades-long recession aroused intense social discontent and compelled national leaders to seek for feasible solutions on the premise of a peaceful Europe. Therefore, most of the governments chose to adopt imperialist policies which resolved the common puzzle of over-production while maintaining political stability on the European continent.

Besides excess in manufacturing outputs, contraction of import demands due to surges in protectionist policies during the late nineteenth century further motivated the colonial expansion and the search for new overseas markets. Protectionism that favored exports over imports had been the dominant form of state economic policy in the seventeenth and eighteenth century, yet the European free trade treaties signed in 1860 significantly lowered the average tariffs.[[4]](#endnote-4) However, social unrest brought by the “Great Depression”, coupled with rising emphasis on nationalism, contributed to the backslash of protectionist tariffs during late nineteenth century. As Ferry claimed in his speech, “because next door to us Germany is surrounded by barriers, because beyond the oceans, the United States of America has become protectionist, protectionist in the most extreme sense…”[[5]](#endnote-5) As one of the biggest export markets for European industrial factories, the U.S. had gradually piled up its import tariff rate since the protectionist Alexander Hamilton won over the free trade advocator Thomas Jefferson. From 1865 to 1913, the average tariff rates on imported goods for the U.S. maintained at levels over 40%, significantly disrupting trade with Europe countries.[[6]](#endnote-6) As for Germany, the Bismarck government adopted a similar set of economic policies that aims at protecting infant domestic manufacturing industry and generating customs revenues to finance government spending. In 1895, tariff revenues on imported goods made up over 50 percent of German federal government revenue, which coincided with the “barriers” Ferry had addressed in his speech.[[7]](#endnote-7) While the industrial countries typically imposed high tariff rates on foreign products, their overseas formal colonies, or semi-colonies subject to treaties like China and Japan, were forced to remove tariffs and engage in free trade with the western imperialist powers. The differences in terms of trade had further prompted European countries to seek overseas territorial expansion and colonization.

The competition of the imperialist powers to conquer new colonies was also the competition for export markets of raw materials and cheap labors. Ferry emphasized about the importance of accessing new markets more than once in his speech: “…felt more and more strongly by the industrial populations of Europe and particular those of our own rich and hard-working country: the need for export markets……what it lacks more and more is export markets.”[[8]](#endnote-8) Production surpluses along with shrinking demands had compelled national leaders of European countries to turn their sights on the African and the Asian continents thousands of miles away, where key raw materials such as cotton and silk were abundant. Britain had maintained a long-standing commercial relationship with its colony, India, who was the major supplier of cotton for textile manufacturing factories in Britain and later the entire Europe. As industrial productivity advanced, demands of cotton as input materials had gradually exceeded the amount India alone could provide, especially when the U.S., another major supplier of cotton, started to impose isolationist policies in 1950s.[[9]](#endnote-9) Therefore, European merchants decided to turn the countries in West Africa where cotton grew extensively into new suppliers of the raw material and established local joint-stock enterprises such as the West Africa Company.[[10]](#endnote-10) Besides abundant natural resources, cheap labors available for exploitation in the colonies offered another rationale for imperialist expansion. As economic growth took off in Europe, wages of workers had also witnessed proportional increases. In 1800s, the daily wages in London were only three times of those in Beijing, Tokyo, and Bengal. Yet in 1890s, the daily wages in London soared to fifteenth times of those in China, Japan, and India.[[11]](#endnote-11) The enormous wage gaps provided arbitrage opportunities for European capitalists by hiring cheap labors in the colonies for non-skilled positions. A staggering number of 72,914 average daily workers were employed in cotton mills in India by the end of the nineteenth century.[[12]](#endnote-12) Sadly, workers in the colonies hadn’t realized that they were merely producing the input materials for the manufacturing goods, which would be purchased by them with much higher prices in the future.

The essence of economic imperialism lied with its capacity to bypass some of the puzzles the capitalist system appeared to be inevitably facing – overproduction and overpopulation if additional markets could not be found. I would like to use the quote by the great British capitalist-imperialist Cecil Rhodes to conclude my paper: “In order to save the 40,000,000 inhabitants of the United Kingdom from a bloody civil war, we colonial statesmen must acquire new lands to settle the surplus population, to provide new markets for the goods produced by them. The Empire, as I have always said, is a bread-and-butter question. If you want to avoid civil war, you must become imperialists.”[[13]](#endnote-13)

1. Jules Ferry, Speech before the French National Assembly. 1813. [↑](#endnote-ref-1)
2. Crafts, N. F. R. “Patterns of Development in Nineteenth Century Europe.” *Oxford Economic Papers* 36, no. 3 (1984): 440. [↑](#endnote-ref-2)
3. Bryan, Steven. “The Late Nineteenth-Century World.” In *The Gold Standard at the Turn of the Twentieth Century: Rising Powers, Global Money, and the Age of Empire*, 18-21. Columbia University Press, 2010. [↑](#endnote-ref-3)
4. Bryan, Steven. “The Late Nineteenth-Century World.” In *The Gold Standard at the Turn of the Twentieth Century: Rising Powers, Global Money, and the Age of Empire*, 22-23. Columbia University Press, 2010. [↑](#endnote-ref-4)
5. Jules Ferry, Speech before the French National Assembly. 1813. [↑](#endnote-ref-5)
6. Wu, Baoyi, and Shanlin Wu. “The Change of the US Tariff Policy: Engels’s Perspective and Enlightenment.” *World Review of Political Economy* 11, no. 2 (2020): 149-153. [↑](#endnote-ref-6)
7. Meadwell, Hudson. “The Political Economy of Tariffs in Late Nineteenth-Century Europe: Reconsidering Republican France.” *Theory and Society* 31, no. 5 (2002): 627–632. [↑](#endnote-ref-7)
8. Jules Ferry, Speech before the French National Assembly. 1813. [↑](#endnote-ref-8)
9. Ratcliffe, Barrie M. “Cotton Imperialism: Manchester Merchants and Cotton Cultivation in West Africa in the Mid-Nineteenth Century.” *African Economic History*, no. 11 (1982): 89–92. [↑](#endnote-ref-9)
10. Ratcliffe, Barrie M. “Cotton Imperialism: Manchester Merchants and Cotton Cultivation in West Africa in the Mid-Nineteenth Century.” *African Economic History*, no. 11 (1982): 93. [↑](#endnote-ref-10)
11. ALLEN, ROBERT C., JEAN-PASCAL BASSINO, DEBIN MA, CHRISTINE MOLL-MURATA, and JAN LUITEN VAN ZANDEN. “Wages, Prices, and Living Standards in China, 1738–1925: In Comparison with Europe, Japan, and India.” *The Economic History Review* 64, no. S1 (2011): 19-20. [↑](#endnote-ref-11)
12. Singh, R. R. “WAGES IN BOMBAY COTTON MILLS IN THE NINETEENTH CENTURY.” *Proceedings of the Indian History Congress* 44 (1983): 484. [↑](#endnote-ref-12)
13. Porter. “Imperialism.” *Europe 1789 to 1914: Encyclopedia of the Age of Industry and Empire*, Volume 5. (2006):1121. [↑](#endnote-ref-13)