Empire and Globalisation

Focusing on the great population movement of British emigrants before 1914, this book provides a new perspective on the relationship between empire and globalisation. It shows how distinct structures of economic opportunity developed around the people who settled across a wider British World through the co-ethnic networks they created. Yet these networks could also limit and distort economic growth. The powerful appeal of ethnic identification often made trade and investment with racial ‘outsiders’ less appealing, thereby skewing economic activities towards communities perceived to be ‘British’. By highlighting the importance of these networks to migration, finance and trade, this book contributes to debates about globalisation in the past and present. It reveals how the networks upon which the era of modern globalisation was built quickly turned in on themselves after 1914, converting racial, ethnic and class tensions into protectionism, nationalism and xenophobia. Avoiding such an outcome is a challenge faced today.


Andrew S. Thompson is professor of Commonwealth and Imperial History at the School of History, and Pro-Vice-Chancellor for research at the University of Leeds. His previous publications include The Empire Strikes Back? The Impact of Imperialism on Britain from the Mid-Nineteenth Century (2005) and The Impact of the South African War, 1899–1902 (co-edited with D. Omissi, 2002).
Empire and Globalisation

Networks of People, Goods and Capital in the British World, c. 1850–1914

Gary B. Magee
and
Andrew S. Thompson
For Annabel, Tasha, Ciaran and Faye
Contents

List of figures page viii
List of tables ix
Preface xi
Acknowledgements xviii
List of abbreviations xxi

Introduction 1
1 Reconfiguring empire: the British World 22
2 Networks and the British World 45
3 Overseas migration 64
4 Markets and consumer cultures 117
5 Information and consumer investment 170
Conclusion 232

Bibliography 245
Index 284
Figures


3.2 Migrant networks and information in the British World.  


3.4 Proportion of average remitter’s income sent as remittances to the UK, 1875–1913. From Magee and Thompson, ‘Lines of Credit’.  


Tables

3.1 Outward movement of people from the British Isles, by destination, 1853–1920 (in 1,000s).

3.2 Mail exchanged by the United Kingdom with the colonies, 1904 and 1909 (measured in 1,000 lb).

3.3 Total real remittances to the United Kingdom, 1875–1913 (1913 £millions).

4.1 British exports by regions, 1871–1913 (quinquennial average percentages).

4.2 Index of Britain’s revealed advantage in selected countries, 1870–1913 (quinquennial average).

5.1 Recipients of British capital exports, 1865–1914 (capital called).

5.2 British overseas investment by destination, 1865–1914 (annual average capital called; as a percentage of all overseas investment).

5.3 Yields on colonial and foreign government securities, 1882–1912 (as percentage points above the UK municipal government rate).

5.4 Average annual realised returns on various types of stock, 1870–1913.

5.5 News coverage in The Times, selected countries, 1870–1913.

5.6 Observed and expected geographical coverage of The Economist and the Investor’s Monthly Manual, 1880–1905 (percentage of total in brackets).

5.7 The value and distribution of UK life insurance companies’ assets, 1870–1913 (in £1,000; share of total assets in brackets).

5.8 The value and distribution of the Standard Life Assurance Company’s assets, 1870–1910 (share of total assets in brackets).
‘Empire’ and ‘globalisation’ are currently two of the most prominent and widely debated discourses in the humanities and social sciences. This book explores the historical relationship between them. We take as our starting-point one of the great global movements of population – the largely voluntary emigration of men, women and children from Europe to the New World between the mid nineteenth century and the First World War. While migration may be ‘as old as humanity itself’, it was during these years that the world witnessed an unprecedented exodus of 50 million or so Europeans. Britain led the way, supplying approximately 13.5 million migrants, or a quarter of the total. Aided by improvements in transport and communications, arguably no less dramatic in their ability to transform life than those witnessed over the last half-century, the majority of these British people settled across Australia, New Zealand, South Africa, Canada and the United States.

The consequences of this population outflow were profound. On the one hand, emigration was a force for global economic growth – integrating labour, commodity and capital markets to an extent never previously seen. Yet, on the other, this business of white settlement – for that is was it was, or at least became – led to the widespread dispossession and oppression of indigenous peoples, as well as to a racialisation of the social order, the polarising effects of which were felt powerfully at the time and still resonate today. The outbreak of the First World War

2 At least 52 million migrants left Europe for overseas destinations between 1815 and 1930; see D. Baines, Emigration from Europe, 1815–1930 (Cambridge: Cambridge University Press, 1995), pp. 9–11.
effectively put an end to this era of European mass migration, ushering in a period of limited population movements, as well as the passing of a series of restrictive immigration laws. Not until the 1960s did global migration flows increase sharply again, except that from this point onward they were more likely to come from developing countries, and to choose a greater variety of destinations, including western Europe.

For those studying the contemporary world, migration and globalisation might seem inextricably linked. The growth of a more integrated international society is widely recognised to be the product of the sharp rise in geographic mobility that occurred in the late twentieth and early twenty-first centuries. As more and more people have been able to move more and more quickly, so societies and politics have been re-shaped around the globe. By contrast, the historical relationship between empire, migration and globalisation is less well understood. The social science literature on globalisation still tends to focus on the period after the Second World War, while scholars in the humanities have only recently delineated earlier episodes or eras of globalisation: ‘archaic’, ‘pre-modern’ and ‘modern’.4

To explore the origins or ‘ancestry’ of modern globalisation requires us to reintegrate what have lately become increasingly separated historical specialisms, and to take more seriously branches of historical enquiry – especially economic history – that seem to have fallen out of favour in recent years.5 It also requires a greater dialogue between historical study and the social sciences.6 Hence, our study of the cultural and economic history of the later-nineteenth and early-twentieth-century ‘British World’ – those regions of empire and elsewhere (most notably the United States) where people from Britain settled


5 Ibid.

in substantial numbers – will combine economic and sociological approaches from the social sciences with cultural approaches from the humanities. More specifically, in exploring the material foundations of this British World, we draw on economic theory and econometric techniques to analyse trade, investment and remittance flows; on social network theory, emerging from political science and sociology, to analyse how notions of trust impacted upon the way economic knowledge was created, disseminated and consumed; and on histories of identity, race and culture, to analyse how an expansive, yet racially restricted sense of Britishness shaped patterns of economic, as much as religious and political, behaviour.

It will be apparent that our perspective on the relationship between empire and globalisation eschews both the unbridled enthusiasm of some proponents of globalisation, and the abject pessimism of some of its detractors. Instead, we offer a view of economic life that highlights the importance of co-ethnic networks in expanding the scope of migration, finance and trade. Distinct structures of economic opportunity developed around the diaspora of migrants that left Britain in search of greater opportunity, real or imagined, in the wider world. Yet, if the trans-national networks fashioned by British migrants expanded the possibilities for economic growth, they could equally work to limit and distort it. The powerful and pervasive appeal of ethnic identification made trade and investment with racial or other ‘outsiders’ less appealing, and thus skewed these economic activities (further) towards those communities perceived to be ethnically ‘British’.

The Introduction to the book opens up the question of how, in a period when putatively ‘ impersonal’ market forces had taken hold, ethnicity and culture could still influence economic behaviour. We also explore the notion of an ‘imperial economy’ and discuss the various forms that it could assume. Here we identify the ‘British World’ economy of the nineteenth and early twentieth centuries as a system whose make-up was as much cultural as it was political, and whose ability to function depended upon only the most limited guidance from the British state.

Chapter 1 provides the crucial historiographical context for our enquiry, focusing in particular upon spatial conceptions of empire and the new imperial history’s use of the network metaphor to conceptualise the sets of connections that developed not only between metropole and colony, but increasingly between the colonies themselves. Here we also explore conceptions of ‘Britishness’ – as they developed both at home and overseas – and the extent to which these conceptions underpinned
Preface

the economic integration of the British World. Across the empire’s settle society, there were non-white and indigenous elite groups who were attracted to the vision of moral and material progress promised by British imperialism. Yet, over the period in question, we show how it became more and more apparent that Victorian notions of free wage labour, secure property rights, equality before the law and a non-racial franchise were not, in fact, open to all. On racial, ethnic and religious grounds, there were those who were wholly or partly excluded from this greater British community, and its economic possibilities were always circumscribed therefore.

In Chapter 2 we turn to the literature on ‘social capital’, and what it reveals about the impact of trans-national networks upon global economic behaviour. Here we argue that the networks forged by migrants created economic value, with specific benefits flowing from the trust and reciprocity they built; people were therefore prepared to ‘invest’ in these networks, and this social investment was, in itself, an important determinant of economic activity. Locating these networks at the heart of the British World economy, we then explore their role in improving the quality and quantity of information flows, and in fostering co-operative, collaborative and remunerative forms of economic exchange.

Chapters 3, 4 and 5 consider in turn three key spheres of economic activity: migration, trade and investment. After surveying the main flows of migration, within and beyond the empire, Chapter 3 seeks to show that what drew people to the colonies was not just the forces of industrialisation and demography – important as they were – but the sense of trust and hope that ‘over there’ was recognisably similar to ‘over here’, and, indeed, that the two were somehow comparable and there to be compared. In particular, we highlight how a variety of social networks oiled the wheels of imperial migration and shaped migrants’ responses to the world around them, drawing particular attention to a hitherto neglected yet fundamental aspect of the migrant’s experience – the sending of monies (or ‘remittances’) home. Newly discovered data from the Post Office Archives have enabled us to reconstruct remittance patterns across the English-speaking world, and to assess the impact and importance of these monetary flows. Chapter 3 also considers how British migrant networks co-existed, yet also came into conflict with, other ethnically based migrant networks, especially those forged by Chinese and Indian contract labourers, and by the merchants and middlemen who recruited and resettled them. In South Africa, Australia and Canada the presence of these ‘foreign’ workers increasingly
disturbed a sense of British community, which in turn provoked powerful outbursts of exclusionary (Anglo-Saxon) racial thinking.

Chapter 4 explores the nature of colonial markets and cultures of consumption. We introduce comparative data drawn from Britain and her colonies’ official trade statistics to shed new light on the proportion of income spent on British products by colonial, American and Argentine consumers. These data raise the question of whether, and to what degree, British producers in the colonies enjoyed ‘non-market’ or ‘imperial’ advantages, either overtly in terms of official policy or indirectly and informally through family, professional and other networks. We argue that, to the extent that such non-market advantages mattered, it was the commercial opportunities afforded by personal contacts and communication rather than the consequences of official policy that counted the most. We show how the empire acted as the midwife for a variety of trans-national networks that helped to reduce the risks and costs of long-distance trade.

Chapter 5 concerns itself with Britain’s other great export of the pre-First World War era: its capital. Drawing upon an array of newspapers and contemporary publications, as well as on bank and insurance company archives and personal records, the chapter investigates the basis upon which British investors made their decisions about how and where to invest overseas. The enquiry highlights how British World networks provided prospective investors with rich information flows from the dominions, which in turn affected the geographical distribution of British investments. However, as both the variety of outlets and intensity of competition for British capital increased towards the end of the nineteenth century, so these informational asymmetries gradually diminished, with the result that capital moved further than labour or commodity markets towards full globalisation before 1914.

The Conclusion draws together preceding arguments about the type of globalisation that arose from the growth of this British World economy, and then considers the implications of our key findings for how we think about globalisation today. Part of the problem facing any scholar trying to pin down the relationship between ‘empire’ and ‘globalisation’ is that the latter presents itself as something of a shifting target. To be sure, there is a measure of consensus around globalisation’s fundamental features – which include ‘interconnectedness’, ‘interdependence’ and the ‘compression of time and space’. Beyond this, however, there have been vigorous debates about the geographical reach of globalisation, about its impact across different economic sectors and about the (unequal) distribution of benefits arising from it. Concepts such as
‘semi-globalisation’, ‘regionalised globalisation’ and ‘de-globalisation’ have emerged from these debates. Proponents of these concepts are more mindful of the limits of the globalising forces at work in today’s international economy, and they question the still widely held view that globalisation is somehow inevitable and irreversible. There seems little doubt that the current crisis in the world’s financial markets will fortify their resolve.

It is worth reminding ourselves just how much the extent of this crisis has taken the vast majority of politicians and economists by surprise. We seem to be sailing into an economic storm of unknown ferocity and uncertain duration. The near-collapse of the global banking system at the start of the twenty-first century has required government intervention on a scale that few global or financial theorists would have countenanced even a few years ago. Liquidity has dried up, securitisation markets have all but closed, derivatives are discredited and ‘light-touch’ regulatory polices are under the spotlight. Talk is rife of a creeping mercantilism in capital markets, an incipient protectionism in trade and (even) tighter restrictions on immigration – what we might more colloquially call ‘me-first-ism’ in all matters economic. Though the international financial system will no doubt rebound, there will be much less triumphant talk of globalisation for the foreseeable future.

Does the historical record shed any light on these contemporary events? Can a greater awareness and better understanding of previous episodes of globalisation inform the way governments try to manage (and to mitigate) its adverse consequences today? The ‘lessons’ of the past rarely present themselves in easily applicable ways. History does, however, reveal the limits of the first wave of modern globalisation, shaped as it was by the forces of migration and empire, which came crashing down on the rocks of the First World War. It also reveals that many of the trans-national networks upon which this globalisation was built then quickly turned in on themselves at the moment of diplomatic, economic and military crisis, providing a vehicle by which racial, ethnic and class tensions could be parleyed into protectionism, nationalism and xenophobia – with baleful domestic and international consequences. Avoiding such an outcome is a challenge we face once again. We need policy that discourages the tendency to retreat inwards. Yet we must not delude ourselves. The causes of the crisis are deep and will not be easily rectified. Action to promote and protect open and inclusive networks in order to maintain and, where possible, to expand the free flow of capital, labour and goods will not of itself prevent a ‘backlash’ against globalisation as it is experienced today. But
if such action can help to spread and diversify the number of people who continue willingly to participate in the world economy, because they recognise the benefits of doing so, the depth of any future backlash – and, more importantly, the pain and lost potential it brings in its wake – may well be diminished.

For the (perceived) threat to cultural identity and economic prosperity posed by a more tightly integrated world economy, see for example V. Cable, *The World's New Fissures: Identities in Crisis* (London: Demos, 1994), pp. 21–2.
Acknowledgements

All books are works of collaboration. However, in our case this is true twice over. Not only have we worked together over several years to synthesise economic and culturalist approaches to the study of empire – along the way, we have benefited from the advice and guidance of colleagues working across the humanities and social sciences. Saul Dubow and Dane Kennedy read the whole manuscript in draft; we are indebted to them both for their thoughtful observations upon the project. David Omissi gave generously of his time towards the end of the project to help us draw our conclusions together; we are especially grateful to him therefore.

The exchange of emails with Tony Hopkins highlighted the importance of historical perspectives upon globalisation, and alerted us to how a better understanding of globalising forces in the past might in turn shed light upon their operation in the present. Meanwhile, Peter Buckley drew our attention to new work in the field of international business theory on globalisation, in particular its regionalised character. Alan Lester and Simon Potter guided us through the growing literature upon imperial networks, and helped us to sharpen and refine our ideas upon the subject. Antoinette Burton and Andrew Thompson wrote a joint piece on geographical conceptions of empire that fed into the chapter on the historiography of the British World. Kent Fedorowich, Marjory Harper and Eric Richards shared their ideas upon overseas migration, and took an interest in our study of migrant remittances, while Simon Hall supplied references to key texts on migration to the United States. Mike Collins and Mae Baker guided us through the literatures on insurance and banking, sharing the fruits of their own recent research, as well as commenting upon the chapter on investment. Max Corden and Sisira Jayasuriya provided us with many valuable insights from trade theory.

Our South African case studies draw on the knowledge of Greg Cuthbertson and Vivian Bickford-Smith. Moreover, it was thanks to Greg that we were able to present an early version of our thesis as a
Acknowledgements

plenary lecture at the South African Historical Association's Jubilee Conference at the University of Pretoria in June 2006. At that conference we were also fortunate to be able to listen to Robert Ross's presentation on the global history of clothing, and then to correspond with him on the importation of clothing into South Africa. Meanwhile, Elizabeth Elbourne provided helpful references on indigenous clothing in West and South Africa.

Margaret Maynard's work on Australian clothing and fashion was of tremendous help when writing about the material culture of empire, and we are very grateful to her for corresponding with us on this subject. Richard Broome guided us through the complexities of Aboriginal dress and culture, kindly supplying copies of key primary texts, and discussing his own important researches.

Further help came from long-standing colleagues who have supported us over many years: Peter Cain, John Darwin, David Eastwood, John Gooch, Richard Grayson, Brian Harrison, Roberto Raimondo, Graeme Snooks and Richard Whiting.

Both of us received fellowships and grants that were vital to the completion of this study. Special thanks to the Institute of Advanced Study at La Trobe University for Andrew Thompson's Distinguished Professorial Fellowship in 2006, and to Richard Broome, Barry Carr, Anthony Hammerton, Jon Jenkin, William Murray, Alexander Tyrrell and Robert Young for their hospitality and kindness. We are also grateful to Carl Bridge at the Menzies Centre for Australian Studies at King's College London, for Gary Magee and Andrew Thompson's Australian Bicentennial Fellowships in 2005 and 2006 respectively. Gary Magee also benefited from visiting fellowships at the University of Oxford – at the Department of Economics and Greyfriars Hall – in 2005, and at the Leeds Humanities Research Institute, University of Leeds, in 2006. We were fortunate to be assisted by several librarians and archivists who gave generously of their time: Jane Saunders at the Brotherton Library at the University of Leeds; Mary-Lynn Suttie at the Library of the University of South Africa, Pretoria; Edwin Green at the HSBC Group Archives in Canada Square, London; and the staff at the Post Office Archives, then located at Farringdon Road, London.

While writing this book, one of us became Dean, the other Head of School – combining these roles with research would not have been possible without the tremendous support we had from Jan Franklin in Leeds and Colleen Harte in Melbourne, who both worked wonders with our diaries to protect time for writing and for overseas travel. We are also indebted to Meaghan Kowalsky for helping us to chase down
Acknowledgements

references, for editing the footnotes, and for producing the bibliography. Further thanks go to Michael Watson at Cambridge University Press for contracting the book, for all his encouragement along the way and for suggesting the subtitle.

Separating work and home life is never easy for academics, and special thanks are due to Sarah Lenton for appreciating this, and for providing Andrew with companionship throughout the project.
Abbreviations

Abbreviations used in the text

AEG Allgemeine Elektrizitäts-Gesellschaft
ALU Agricultural Labourers’ Union
ASE Amalgamated Society of Engineers
BNZ Bank of New Zealand
BWEA British Women’s Emigration Association
CCCE Congress of Chambers of Commerce of the Empire
CPR Canadian Pacific Railway
EIO Emigrants’ Information Office
FMCES Female Middle Class Emigration Society
IMM Investor’s Monthly Manual
LJSB London Joint Stock Bank
OECD Organisation for Economic Co-operation and Development
P&O Peninsular and Oriental Steamship Company

Abbreviations used in the footnotes

AHR American Historical Review
EcHR Economic History Review
HJ Historical Journal
HMSO Her Majesty’s Stationery Office
HWJ History Workshop Journal
JBH Journal of British History
JBS Journal of British Studies
JICH Journal of Imperial and Commonwealth History
JSAS Journal of South African Studies
OECD Organisation for Economic Co-operation and Development
SAHJ South Africa Historical Journal
TRHS Transactions of the Royal Historical Society