1 Introduction

Global forces have shaped the politics and economics of the developing world, at times decisively. First there was European colonialism in Asia, Africa, and Latin America. Alongside, there were a variety of less formal external influences without territorial control, such as Britain's informal empire in nineteenth-century Latin America, China, and the Middle East. Non-Western powers like Japan also created their own regional empire in the early twentieth century. Following World War II, the influence of the USA on the developing world grew markedly. Notwithstanding some early forays into colonialism – such as in the Philippines – the USA in the second half of the twentieth century eschewed formal empire; the American way to empire instead was informal, including military interventions, fostering coups, supporting pro-American regimes in select client states, and pressuring developing countries to open their markets to American goods, investment, and finance. At present, the USA maintains nearly 800 military bases in seventy countries across the world.

Why do metropolitan powers repeatedly expand into peripheral countries? What is the impact of such expansions? In this Element, I provide an overview of how modern imperialism has shaped the developing world. The causes, strategies, and the consequences of imperialism are analyzed. The focus is on the British Empire in the nineteenth century and American efforts to shape the global periphery in the twentieth century, with a nod to Japanese imperialism in the first half of the twentieth century.[1] Both formal and informal empire are discussed. I argue that what drives modern imperialism is the desire of metropolitan powers to enhance their national economic prosperity, an outcome that is both a desired end in itself and a means to enhanced power; the drive for imperialism is thus both economic and political. In order to force open economic access, imperialist powers pursue their overseas interests by undermining sovereignty in peripheral countries. Whereas formal political control in colonies readily facilitates economic opening, stable-but-subservient regimes in peripheral countries also enable metropolitan powers to penetrate their economies. Forced economic access, in turn, enables metropolitan countries to take advantage of peripheral economies via mechanisms that vary anywhere from naked plunder to more sophisticated design of trade, investment, and financial transactions. The impact of imperialism on peripheral countries thus tends to be negative, even sharply negative, especially when assessed from the standpoint of economic well-being.

[1] Other European empires, such as that of the French, are mentioned in passing but not discussed in any detail.

The central argument of this Element is that, in a world of states, national sovereignty is an economic asset. Although national sovereignty may not be sufficient to put a developing country on a path of progress, it is often a necessary precondition. Since imperialism seeks to limit the exercise of sovereign power by subject people, there tends to be an inverse relationship between imperialism and development: The less control a state has over its own affairs, the less likely it is that people of that state will experience steady, inclusive economic progress.

This argument is based on an extensive investigation of historical and contemporary cases of imperialism in the developing world. These include: British colonialism in India and Nigeria; Britain's informal empire in Argentina, Brazil, Egypt, and China; Japanese colonialism in Korea; the early twentieth-century expansion of the USA into Cuba, the Philippines, and China; American interventions during the Cold War in Korea, Iran, Vietnam, and Chile; and more recent efforts by the USA to impose the Washington Consensus on Latin America and to intervene militarily in Iraq. Given the scope of this Element, I do not provide historical details; my interpretation of these cases is readily available elsewhere (mainly Kohli, 2020, but also, Kohli, 2004). Evidence from these cases will be used instead in this slim Element as illustrations in support of general arguments about the causes, strategies, and the impact of imperialism, both formal and informal.

1.1 Clearing the Brush

It may be useful to set aside three sets of issues at the outset, one definitional, one historical, and one theoretical. *First*, it is important to acknowledge that imperialism is a controversial term. The term imperialism in this study directs attention to efforts of one state to exert control over another state or people. Few observers are likely to take exception to the use of the term imperialism when control of one state over another includes direct territorial control, as in formal colonies. Colonialism, however, is a subset, albeit an important subset, of imperialism. In modern times, another major subset of imperialism is informal empire. These are situations in which a metropolitan power exercises significant influence over a peripheral country, but without controlling its territory or government. Since the issues of how much influence is "significant," and how metropolitan countries exercise such influence, involve matters of judgment, the use of the term informal empire tends to be more controversial. As used in this study, an informal empire is defined with reference to three conditions: imperial powers exercise veto power over key policies in client states; under normal circumstances, the ruling elite in the metropole and the periphery collaborate; and when such relations of domination and subordination are challenged, imperial powers use (or threaten to use) coercion to seek compliance. The use of coercion is especially important for judging a relationship as imperial because it helps distinguish informal empire from more commonplace inequality of power or situations of economic dependence across states, as well as from hegemonic relations that involve some degree of willing collaboration between a superior and a weaker power.

Second, any student of modern imperialism needs to keep in mind a simple but important historical point: Empires and imperialism are age-old phenomena. There is much to be learned from studying land-based and other forms of precapitalist empires (Eisenstadt, 1993; Burbank and Cooper, 2010). In this study, however, I focus mainly on the dynamics of overseas empires in the age of industrial capitalism, say, from the second half of the eighteenth century onwards. This is because imperialism in the capitalist era took a distinctive turn and is worthy of study in its own right. Capitalist empires were a product of modern economic growth that was characterized by growing productivity. The needs of economic growth propelled industrializing powers to search for new markets and for cheaper raw materials, a search that eventually led to the division of the world into an industrial core and a commodity-producing periphery. Over time, this division into core and periphery came to be associated with sharp disparities in the standards of living across the Global North and South. Such disparities were rare in precapitalist empires. For example, the per capita income of peninsular Italy – the heart of the Roman Empire – in 14 AD was less than double the average per capita income of the rest of the empire (Madison, 2007, 52). The same held true for most traditional land empires, as well as for modern-day land empires, such as that run by the former Soviet Union. By contrast, the emergence of industrial capitalism, first in Western Europe, and then in the USA and Japan, was accompanied by a growing divergence in standards of living across the core and periphery. Again, for example, the per capital income of England around 1600 was less than double that of China and India; by 1950, however, England was ten times wealthier than the two Asian giants (Madison, 2007, table A.7, 382). The dynamism of industrial capitalism in core countries propelled imperial expansion into peripheral parts of the world and imperialism, in turn, reinforced the division of the world into a wealthier core and a poor periphery. The underlying dynamics of imperialism in the age of capitalism is thus the main focus of this Element.

Third, readers with scholarly inclinations may be interested in knowing at the outset how the argument about causes and consequences of imperialism presented here differs or overlaps with other existing accounts. The study of causes and consequences of imperialism is often compartmentalized. Diplomatic historians and scholars of international relations generally pursue the issue of why imperialists imperialize. The issue of how imperialism shaped the global periphery is just as often debated by a distinct set of scholars of political economy of development. In this Element, I try to systematically connect these two strands of scholarly concerns and hope to move them in new directions.

More specifically, my explanation about the causes of imperialism is in dialogue with liberal, realist, and Marxist standpoints on imperialism. The details will emerge in due course. Suffice it to note at the outset that, for the most part, I disagree with those liberal interpretations of imperialism that suggest that imperialism in the modern age is foolish, "atavistic," or a mistake (Schumpeter, 1951).[2] I argue instead that the evidence supports the view that metropolitan powers repeatedly pursue imperialism so as to seek economic and political advantage in far-flung, underdeveloped regions of the world. Metropolitan powers do not always succeed in achieving what they set out to achieve, but that is a different issue than why they pursue imperialism in the first place.

As to the well-debated issue of economic versus political motivations behind imperialism, I will take exceptions to some of the more standard but narrower arguments. For example, I will again show that evidence does not support the view that what moves imperialism are concerns of national security (Cohen, 1973). Oh, at times security concerns are important; how could they not be in matters of foreign actions of nations, especially when rivalries among major powers are the focus? For the most part, however, when imperialism was pursued by hegemonic nations, such as Britain in the nineteenth century, and the USA in the second half of the twentieth century, their national security was hardly threatened, certainly not by (or in) peripheral countries. Similarly, the purely economic arguments, such as that of Hobson (1902), also fall short. It is not that economic motivation is not central to imperialism – it is – but imperialism is a state-led phenomenon. Economic needs of metropolitan powers are often defined by their respective governments. And government leaders represent more than just the interests of the economic elite of the metropolitan countries. Instead, I will argue that states in the modern world constantly worry about the prosperity of their national societies. As such, they look for policies that might enhance wealth, especially of their elites, but also of their citizens. For rulers of great powers, the world becomes an oyster. Seeking economic opportunities

[2] Another strand in liberal thinking is that imperialism is about doing "good" – anywhere from saving souls to bringing democracy. I will eventually suggest that there is very little in the historical evidence to support such views, though plenty of such rhetoric exists in the historical record that helped legitimize imperial ventures. For a more detailed bibliography, see Kohli (2020).

beyond national borders thus periodically emerges as a viable option for great powers. When peripheral countries resist such advances, metropolitan powers use force to undermine sovereign control and to pry open peripheral economies; the pursuit of profits with force – *Greed and Guns* – is then the core dynamics of imperialism.

My argument on the impact of imperialism in turn connects with both dependency and proglobalization standpoints on the developing world, making a case instead for state-led capitalist development. The suggestion that imperialism impacted peripheral countries negatively is hardly novel. It has been made by many nationalist and left-leaning critics of imperialism; it was also a central claim of the dependency literature (Palma, 1978). I broadly agree with this line of thinking but posit different underlying mechanisms. Instead of arguing à la Wallerstein (1974) that development and underdevelopment are a systematic product of the "capitalist world system," I focus on the role of sovereign states in both propelling development and imperialism on the one hand and, on the other hand, on the loss of sovereignty and the related absence of national autonomy in the periphery as a source of underdevelopment. This focus on the importance of sovereignty and state intervention then also puts me at odds with those who champion open globalization in the contemporary era as the road to prosperity (Bhagwati, 2004). I suggest instead that success at late development requires a more selective embrace of the global economy, mediated by sovereign and effective states. The success of Japan in the nineteenth century, and of China and India at the turn of the twenty-first century, exemplify this proposition.

1.2 Organization of the Element

The main issues that I analyze in this Element are: why imperialists imperialize; strategies of imperialism; and the impact of imperialism. The next three core sections take up each of these themes in turn. As readers make their way through these brief sections, it will be important to keep in mind that, in my account, the issues of causes, strategies, and the consequences of imperialism are systematically interlinked: In order to understand the negative consequences of imperialism on the developing world (Section 4), one first needs to understand how imperialists undermined sovereignty in the peripheral regions of the world (Section 3), but the need to undermine sovereignty makes sense only if one comprehends at the outset that what metropolitan powers were trying to achieve was to gain economic advantage over peripheral countries by prying open their respective economies (Section 2). In the concluding section (Section 5), I will reiterate the central themes, raise some normative issues, and speculate about near future trends, especially emerging Chinese imperialism.

2 Why Imperialists Imperialize

In the age of capitalism, metropolitan states pursue imperialism as a strategy to enhance national economic prosperity. This is the main proposition that the historical evidence reviewed in this section supports. The reasoning behind this proposition is fairly straightforward. All modern states pursue economic prosperity. They do so for a variety of reasons, but mainly because in a world of growing economies – a modern phenomenon itself – states cannot afford to sit still. Maintaining relative national prosperity is an essential component of relative national power in the modern world and thus of preserving national security. National security of any state rests on a strong economic base. Hence, states seek to promote national prosperity. For powerful capitalist states, this urge inclines them to ensure economic opportunities for their capitalists at home and abroad. Beyond national borders, this implies helping national firms find markets and investment opportunities overseas, as well as to manage external finances. The most powerful capitalist states thus seek to create an open global economy – or at least economic openness in countries that they dominate – in which their competitive firms can outsell or produce goods for others. When lesser powers resist, imperialism is likely to follow; forced economic opening is an integral aspect of modern imperialism. What imperialists seek to tame then is sovereign and effective state power on the global periphery.

In the historical discussion that follows, I will provide evidence to suggest that both British and American imperialism follow this logic; that both are best understood as processes of establishing global dominance aimed at creating open-economy imperium. As we review historical materials, there will be occasions to examine this proposition against such other cases as that of Japanese regional imperialism, as well as to qualify this core proposition. At times, both Britain and the USA pursued imperial actions that were aimed more narrowly at balance-of-power considerations rather than the broader goal of national economic prosperity. And in yet other instances, imperial intervention was on behalf of narrow capitalist interests rather than that of the nation as a whole. Some qualifications notwithstanding, much of the evidence supports the suggestion that British and American decision-makers imperialized peripheral countries with the hope of enriching their mother countries.

2.1 British Imperialism

The British came late to imperialism.[3] By the time that the East India Company started exploring trading opportunities in the early sixteenth century in India

[3] Major works on the British Empire include Hyam (1976); Cain and Hopkins (2002); and Darwin (2009). The five volumes of *The Oxford History of the British Empire* (editor, Wm. Roger Louis,

and elsewhere, the Spaniards and the Portuguese had already established colonies in various parts of the world, especially in the New World. The Dutch East India Company was also ahead in the fray for overseas riches; they pioneered the idea of armed trade organized by a joint stock company that the East India Company eventually emulated and surpassed. A variety of private merchants in England had requested royal support for overseas trading in the sixteenth century, mostly in vain. The Tudors of England were too busy at the time with such other pressing matters as centralizing the power of the monarchy, creating a greater Britain, and the Reformation. Only late in her reign did Queen Elizabeth start granting royal charters to overseas traders that gave private companies monopoly trading rights in one part of the world or another. Trading companies were obviously looking for profitable trade overseas, and the English Crown, in turn, strapped as it was for resources, hoped to tax such trading profits to support the national exchequer. England's overseas expansion thus began with private actors – armed with royal charters – leading voyages as disparate as those that brought settlers to the Chesapeake Bay, moved fortune seekers to grab islands from the Spaniards in the Caribbean, and sought profits in luxury products in the East, especially in India.

Over the next three centuries, the British Empire grew to be the most important of Europe's overseas empires. Following the loss of its American colony, India became the most important of Britain's formal colonies. So, if one is trying to understand British imperialism in the Global South, understanding British motives in India is a good place to begin. During the nineteenth century, moreover, the British supplemented their colonial holdings by establishing informal influence over Latin America, the Middle East, and China. Motives that drove the British to expand into these regions then further help us understand what drove the British imperial project during the Victorian era. And finally, of course, there was the scramble for Africa toward the end of the nineteenth century; this too needs to be understood. In the discussion that follows, Nigeria provides a specific example of British interests in West Africa.

Britain ruled India for nearly two centuries, with the state-supported East India Company at the helm during the first century (1757–1857), and as a direct Crown colony during the second (1857–1947). While British motives in India changed over time – two centuries is a long time – economic considerations were nearly always at the forefront. The East India Company came to India as traders, hoping to make profits, and profits they did make. While the Mughal rule in India was intact during the seventeenth and early eighteenth centuries,

published in various years) also provide an uneven collection of essays on specialized topics. Hobsbawm (1989) is also deeply informative.

much of the trade between India and Britain was on commercial terms: Company ships from England brought bullion – the price of which was much cheaper in Europe due to the looting of the Aztecs and the Incas by the Spaniards – and exchanged it for Indian textiles, the demand for which was growing in England. The British state both supported the East India Company and taxed its profits; both gained from this overseas trade.

As the Mughal rule started disintegrating in India in the early eighteenth century, and as Britain consolidated and expanded state power during the same period, commercial trade between Britain and India became more and more politicized. The state-supported East India Company increasingly used force to alter the terms of trade with India in its own favor; for example, the Company increasingly refused to pay custom duty to local rulers, thus depriving them of taxes while enhancing their own profitability. Protectionist legislation passed in early 1700 also kept Indian textiles out of Britain; Indian textiles bought by the East India Company were now sold to other European markets, and facilitated the slave trade, while British textile manufacturing started to come into its own behind protectionist walls. By the middle of the century, of course, the East India Company started acquiring territory in India, starting with Bengal in 1757. From then on, Company rule expanded over India following a discernable pattern: The Company taxed conquered territories – especially its agricultural production – at a high level, channeled these revenues to further build and arm a British Indian army, and then used this army to conquer yet more Indian territory. Extraction thus led to more extraction. By the early nineteenth century, the East India Company had established rule over much of modern-day India, Pakistan, and Bangladesh.

The revenues that the East India Company extracted from India in the late eighteenth and the early nineteenth centuries averaged some 18 percent of the gross domestic product (GDP) of the Indian territories controlled by the Company. Nearly 60 percent of these revenues came from taxing India's poor peasantry. The most important benefit for Britain from its Indian colony in the eighteenth and the nineteenth centuries was that nearly half of the Indian revenues were used to build and maintain a massive British Indian army. This army was not only used to conquer and control India, but, over time, it became central to Britain's imperial expansion in Asia, Africa, and the Middle East, including the Opium Wars in China. The beauty of it from the British point of view was this: The British Indian army enabled Britain to expand its global power substantially, without paying a penny for it. Indian revenues, as we will see, also enabled Britain to expand trade and thus helped with its balance of payments; this was important because warring Britain, especially in the early nineteenth century (e.g. Napoleonic Wars), was often strapped for foreign exchange, a gap that could not have been filled without foreign exchange inflows from such colonies as Ireland and India.

As to private benefits, the Company of course came to India primarily to make profits. With access to Indian revenues, the mechanisms via which the Company made profits modified. Instead of bringing bullion on ships from England to procure products in India – which were then sold in England and elsewhere – now the Company simply used Indian revenues to buy calicos, chintz, spices, and indigo in India for sale back in Europe. The Company also charged its expenses – including for buildings and ships in London, and personnel salaries the world over – to its Indian revenues. And finally, the Company started using Indian revenues to promote the growing and processing of opium in India; this opium in turn found a market in China, where it was exchanged both for silver and, increasingly, for tea, for which demand in England and elsewhere (including the USA) was growing. Indian revenues thus facilitated huge profits for the Company and its shareholders, many of whom were increasingly British parliamentarians.

During the first half of the nineteenth century, Britain and its colonial relations underwent important changes. Britain was increasingly a manufacturing nation, with textiles in the lead. Following the Napoleonic Wars, Britain's global power was also unmatched. The East India Company lost its monopoly to trade with India in 1813. From then on, the Company became mainly a set of state-supported rulers of India, while trade with India shifted into the hands of a variety of merchants. Britain increasingly sold textiles to India, the Company in India organized a highly profitable opium trade with China, and opium in China was exchanged for tea that was sold back in Britain. Forced opening of the Indian economy led to decline in manufacturing in India, especially textile manufacturing, and to an increase in commodity exports, especially opium – more on this in Section 4. The triangular trade that adjoined Britain, India, and China enabled Britain's textile manufacturers to sell their products and a variety of British merchants to partake in a profitable trade with a captured colonial market.

Indian aristocracy revolted against Company rule in India in 1857. The economic and political importance of India to Britain was so great by now that virtually no one in Britain questioned the need to hold on to its Indian colony. The British then unleashed its military might on lightly armed Indians, killing some 800,000, and thus established direct Crown rule over India that lasted till the middle of the twentieth century. With India at its feet, the British modified its ruling strategy in India in a more conservative direction. During the second half of the nineteenth century, the British reorganized the armed forces in India so as to avoid any future "mutinies," rationalized the state structure, and reordered its relations with Indian landowning classes so as to incorporate them in a ruling alliance.

Crown rule in India was autocratic and exploitative. Economic benefits to Britain from its Indian colony flowed from both direct actions of the colonial state and indirectly from private transactions lubricated by favorable state policies. As to the fiscal track, the revenues that the colonial state collected in India increased in the post-1857 period, reaching close to 20 percent of Indian GDP. The mainstay of these revenues (40–50 percent) remained taxes on poor peasants. Other major source of revenues included earnings from a state monopoly on the production of opium (much of which was exported to China) and salt for the Indian market (16 and 12 percent, respectively). Nearly half of these revenues continued to be used to support the giant British Indian army. Since this army was increasingly being used to expand the British Empire in territories near India, the Indian colony clearly subsidized British imperialism. Another third or so of the annual Indian revenues were used by the British for simply running the empire in India, including the payment of high salaries to British colonial employees, building summer residences for these employees high up in the foothills of the Himalayas to escape the sweltering Indian heat, and, of course, constructing infrastructure to facilitate trade, as well as the movement of the armed forces, across India. By contrast, as we will see in Section 4, what the British invested in education, health, or irrigation within India was downright miniscule.

From the mid-nineteenth century onward, the importance of private economic transactions between Britain and India grew. Of course, the colonial state provided the necessary framework to facilitate British gains. For example, trade grew steadily in the post-1857 period; British exports were nearly all manufactured goods, and Indian exports were increasingly all commodities. India's economy, which had been opened with force, continued to absorb an increasing percentage of British textile exports (close to 40 percent of the total of British textile exports toward the end of the century); in spite of growing global competition, this in turn enabled one of Britain's core industries to grow throughout the century. Following the Opium Wars with China (more on this later), opium exports from India to China also grew, facilitating profitable purchase of tea from China for the British and other markets. Given the economic security provided by Crown rule, British private investment in India accelerated. Most notable among these was investment to build railways across India; the colonial state in India guaranteed a rate of return of 5 percent on this investment to British investors. The colonial state also managed India's balance of payments carefully so as to ensure that India had enough foreign exchange available to pay for salaries and pensions of British colonial servants,