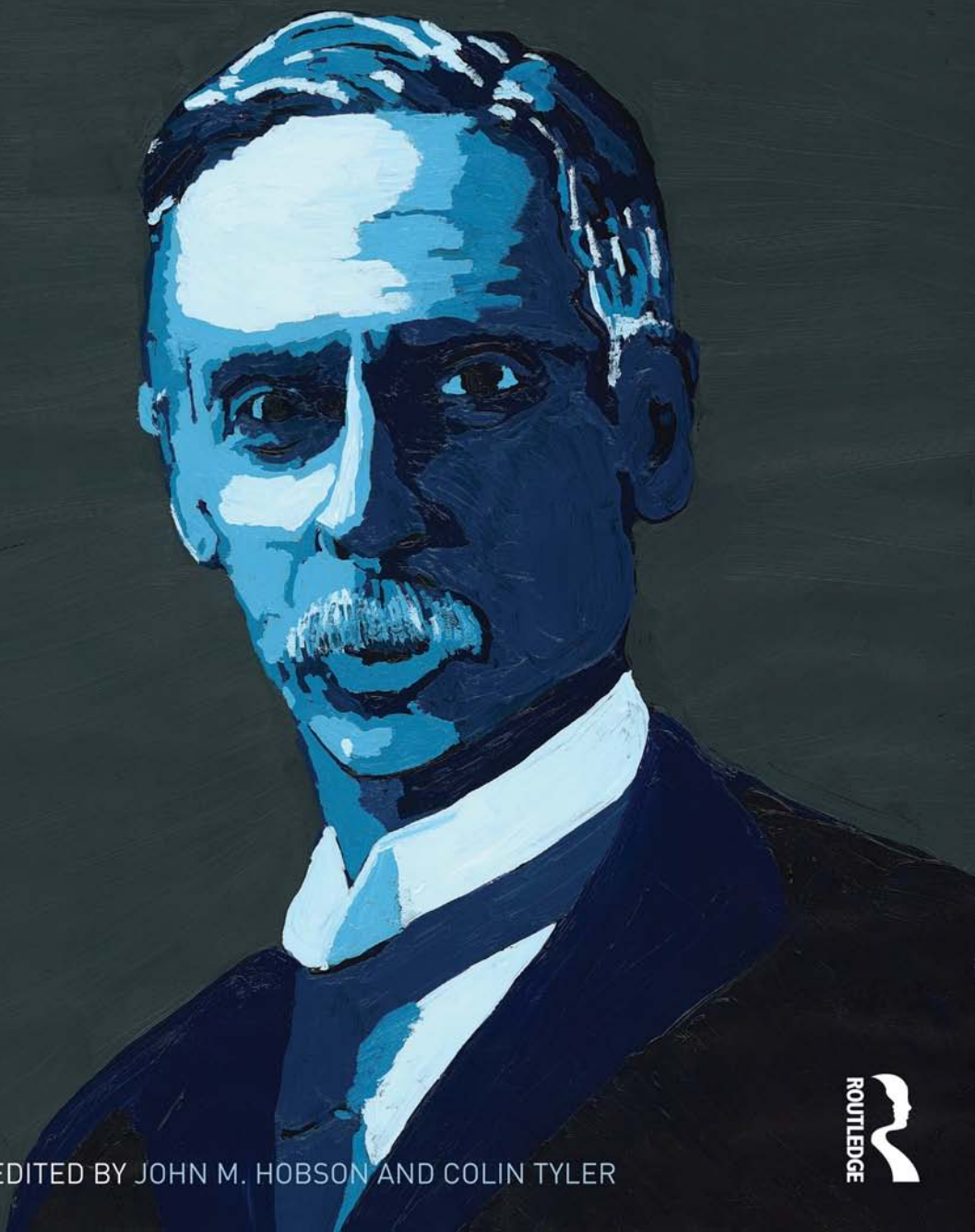


ROUTLEDGE/WARWICK STUDIES IN GLOBALISATION

# SELECTED WRITINGS OF JOHN A. HOBSON, 1932–1938

THE STRUGGLE FOR THE INTERNATIONAL MIND



EDITED BY JOHN M. HOBSON AND COLIN TYLER

ROUTLEDGE

# Selected Writings of John A. Hobson 1932–1938

John A. Hobson is widely recognised as one of the most important British New Liberal analysts and critics of politics and political economy of the twentieth century. The *Selected Writings of John A. Hobson* showcases an exciting and previously unpublished collection of Hobson's writings and lectures from 1932–1938 that Hobson presented at the South Place Ethical Society in the last decade of his life.

The lectures and the introduction produce a fresh reading of Hobson's thinking and theorisation of International Relations, thereby revealing a much more complex thinker than has conventionally been understood. Edited by Colin Tyler, a framing introduction written by the author's great grandson, John M. Hobson, situates these lectures in the context of his life-work on International Relations between 1897 and 1940.

*Selected Writings of John A. Hobson 1932–1938* is an essential read for all Hobson scholars and students, and scholars of globalization, international relations and political economy.

**John M. Hobson** is Professor of Politics and International Relations at the University of Sheffield.

**Colin Tyler** is Reader in Politics and Joint Director of the Centre for Idealism and the New Liberalism, Department of Politics and International Studies, University of Hull.

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The struggle for the international mind

*John A. Hobson*

*Edited by John M. Hobson and Colin Tyler*

# **Selected Writings of John A. Hobson 1932–1938**

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# Preface and acknowledgements

This book comprises a number of previously unpublished lectures that John A. Hobson delivered to the South Place Ethical Society in London between 1932 and 1938, together with two associated published pieces in 1938 whose typescripts survive alongside the unpublished lectures. Hobson is widely recognized as one of the most important British New Liberal political theorists and political economists of the twentieth century. He is widely known for inspiring Vladimir Lenin's theory of imperialism as well as John Maynard Keynes' 'General Theory'.<sup>1</sup> Hobson's most famous book, *Imperialism: A Study* (1902) is still a standard text for courses on imperialism.

The writings presented in this volume contain, to our knowledge, some of the very few lectures and essays written by Hobson that remain unpublished. There are three core reasons for making them available to a wider audience. First, interest in Hobson's ideas has escalated in the last twenty years, especially within International Relations (IR) and politics, political economy and the history of ideas more generally. Second, many of the issues that confronted Hobson and which he sought to tackle in his writings remain pressing today. The focus on (US) imperialism and war, the problems confronting the United Nations, the unequal distribution of economic resources between the first and third worlds, and the need to forge a fairer and more peaceful international order are uncannily similar to the issues that Hobson wrote about in his day. Indeed, but for the substitution of the League of Nations for the United Nations, and the British Empire for US imperialism, the issues remain the same. Third, it is generally believed that in the 1930s J.A. Hobson's writings reverted back to the economically reductionist, radical critique of capitalist imperialism that he had supposedly espoused in 1902 and for which he became immediately famous. But these lectures and essays reveal a sustained attack on economic reductionism, where Hobson emphasises ethical-moral, ideational and international institutional forces that can promote peace and put an end to a division of the world between the haves and the have-nots.

1 V.I. Lenin, *Imperialism, the Highest Stage of Capitalism*, London: Martin Lawrence, 1973 [1917], esp. p. 1; J.M. Keynes, *The General Theory of Employment, Money and Interest*, London: Macmillan, 1936, esp. p. 365 and pp. 364–71.

Indeed these works enable us to recast the traditional reading of Hobson, to reveal a much more complex thinker than has conventionally been understood.

John M. Hobson wrote the introduction and made the final decision regarding which typescripts to include. Colin Tyler organised the initial transcription and annotation of the texts by Christopher Bearman, who also provided the opening references in each piece to the South Place Ethical Society's *Monthly Record*. Colin Tyler also oversaw the initial checking of the transcripts by Pip Tyler, as well as writing the opening textual note. He also established the texts, finalising the transcriptions and completing the annotation. The editors bear separate responsibility for their respective individual contributions. The editors are jointly responsible for identifying the relevant copyright holders. In this regard, we are pleased to thank the controller of the copyright on J.A. Hobson's papers, Mr Timothy John Hobson, for his kind permission to publish these typescripts and to the University of Hull for their permission to consult the original typescripts included here. We are pleased to thank also the editors of *Political Quarterly*, Andrew Gamble and Tony Wright, for their permission to include 'Thoughts on Our Present Discontents'. We are very grateful to the Department of Politics and International Studies, University of Hull, for the generous funding that it gave in support of this project. We also thank Garrett W. Brown for the specially painted portrait which graces the cover of this book, and to Christopher Martin, Peter Nicholson and Daniel W. Stowell for their assistance in regard to the annotation. We are grateful to the anonymous readers of this volume for their very helpful comments. And we are very pleased to thank Routledge and the series editor Len Seabrooke for publishing this material.

Finally, Colin wishes to express his deep gratitude and love to Pip and Lucy as always, for their encouragement and patience while he was editing these lectures. He dedicates his work on this volume to them. And John wishes to thank his parents, Tim and Nora, as well as his daughter Gabriella, to whom for his part he would like to dedicate this book.

John M. Hobson  
*University of Sheffield*  
Colin Tyler  
*University of Hull*  
June 2010

# Note regarding the texts

*Colin Tyler*

John Atkinson Hobson (1858–1940) wrote the pieces included in this volume between 1932 and 1938. In addition to the global economic collapse of the Great Depression and the growing military instability that prefigured the Second World War, another, less widely shared spectre haunted Hobson’s writings in the 1930s. This was his long-standing fear of the dehumanisation of civilised society, and especially capitalism’s creeping materialisation and mechanisation of personal consciousness, family life and civil society. Hobson’s reaction – especially his desire to effect the ‘humanising of economic thinking’ – was sustained and nurtured by his association with the South Place Ethical Society (SPES). However, his project flew in the face of the intellectual mainstream, where, to Hobson’s mind, reason came second to the prejudices and interests of the academically powerful. Long before 1932, Hobson’s trajectory made him a ‘heretic’ to most orthodox university-based economists, something that, in the politics of the time, had denied him an academic career.

Yet, Hobson was not merely a heretic to the powerful academics, and he had come to the SPES as a result of his growing disillusionment with another organisation within the Ethical Movement: the London Ethical Society (LES). The LES represented the practical continuation of the activist citizenship advocated by J.H. Muirhead and Bernard Bosanquet, both of whom were British idealist philosophers.<sup>1</sup> After about five years of sustained involvement with the LES, Hobson gradually distanced himself from the LES, dismayed by what he saw as its harsh ‘moral individualism’: the LES was ‘committed so strongly to the stress on individual character, as the basis of social progress, as to make it the enemy of that political-economic democracy which I was coming to regard as the chief

<sup>1</sup> John Atkinson Hobson, *Confessions of an Economic Heretic*, London: George Allen and Unwin, 1938, p. 56. See further Michael Freeden, *The New Liberalism: An ideology of social reform*, second edition, Oxford: Clarendon, 1986, Sandra M. den Otter, *British Idealism and Social Explanation: A study in late Victorian thought*, Oxford: Clarendon, 1996, and, on idealism more generally, Colin Tyler, *Idealist Political Philosophy: Pluralism and conflict in the absolute idealist tradition*, London: Continuum, 2006.

instrument of social progress and justice.<sup>2</sup> (This issue divided the British idealists themselves, with some of their number, such as D.G. Ritchie, being far more inclined to support state action rather than relying as heavily as Bosanquet and Muirhead on pre-existing personal virtue.)

From 1897 onwards, Hobson found more congenial homes with more collectivist associations in the Rainbow Circle and the SPES.<sup>3</sup> He became an ‘official lecturer’ at the latter in 1899, giving monthly lectures until 1935 and ‘figuring as a sort of middle-man between J.M. Robertson and Herbert Burrows, a committed Socialist’.<sup>4</sup> Other regulars at the SPES at this time included Cecil Delisle Burns, Norman Angell and Edward Carpenter, all of whom were left-liberals and socialists of various types and with concerns that included social justice, international peace and sexual liberation.<sup>5</sup> Hobson’s role as an official lecturer to the SPES had a significant impact on his intellectual development, as he made clear in his autobiography:

My close connection with this liberal platform, lasting continuously for thirty-six years, was of great help to me in clarifying my thought and enlarging my range of interests in matters of social conduct. Addressing audiences consisting for the most part of men and women of the business and professional classes, with a scattering of educated clerks and manual workers, I found myself driven to put ethical significance into a variety of current topics and events, many of which belonged to the fields of politics and economics. But I had first to make up my own mind, before communicating the result to others. Though such a fragmentary process had its defects, it served on the whole to bring together what at first sight seemed widely sundered pieces of thought and valuation, and so to give an increasing measure of cohesion to the deeper process of intellectual order needed to carry out the humanization of economic thinking which I had taken as my primary intellectual task.<sup>6</sup>

Throughout the SPES lectures and essays included in this volume, one is reminded of the radicalism that drove Hobson during one of the world’s most precarious and important periods. It is a radicalism that is examined in much greater depth in John M. Hobson’s introduction to this volume.

The typescripts of J.A. Hobson’s SPES lectures together with various other papers came into the possession of his son Harold, when J.A. Hobson died in July 1940. In the 1970s, Harold’s widow lent them to an interested doctoral student at the University of Hull. Before returning the typescripts and papers, sadly the student died and the material was deposited at the University of Hull without the

2 Hobson, *Confessions*, p. 56.

3 Michael Freedon, *The New Liberalism*, [1976], pp. 256–57.

4 Hobson, *Confessions*, p. 56; G. Spiller, *Ethical Movement in Great Britain: A documentary history*, London: Farleigh, 1934, p. 35.

5 Sheila Rowbotham, *Edward Carpenter: A life of liberty and love*, London: Verso, 2008, p. 381.

6 Hobson, *Confessions*, pp. 57–58.

Hobson family's knowledge. I 'rediscovered' them after coming to Hull in 2000, and contacted John M. Hobson with a view to producing the present edition.

This volume includes nine of the surviving twelve lectures, 'The Magic of Words' (26 February 1933), 'Men and Women' (6 May 1934) and a third short, partial, untitled and undated lecture being omitted on grounds of relevance and space. I have established each text from the original neat typescripts, which reside in the Hull History Centre (DHN/24), together with other printed material from Hobson's library (DCC/5/146-49, 334; DHN/19, 23, 27, 28 DX/215/16). I have annotated the lectures lightly, including biographical and (a few) explanatory notes as well as notes detailing Hobson's handwritten changes to the typescript where those changes seem to be more than merely stylistic or typographical corrections. Hobson's few other handwritten changes have been incorporated silently, as have editorial upper-case roman numerals to number each subsection of 'The Sense of Responsibility'. Hobson's original typescripts include a small number of notes, which I indicate here with 'Hobson's note' in square brackets immediately after Hobson's original text. Notes that do not include any square bracketed text are purely editorial. I have used the following editorial abbreviations throughout.

|          |                                                                                                         |
|----------|---------------------------------------------------------------------------------------------------------|
| [ ]      | Editorial insertion                                                                                     |
| [...?]   | Indecipherable word                                                                                     |
| MS orig. | Original typescript wording that was deleted and then superseded by J.A. Hobson's handwritten amendment |
| MS del.  | Word deleted by J.A. Hobson                                                                             |
| MS reads | Mistyped word in typescript which the editor has corrected in the main text                             |
| MA alt.  | Hobson's (not deleted) alternative rendering of a word or phrase                                        |

Hobson's original spellings and punctuation are retained in this edition, except in a few cases, where minor typographical errors have been corrected. Hobson's original renderings are recorded in the editorial notes.

# Part I

## Introduction

### John A. Hobson, the international man

A report from earth

*John M. Hobson\**

Every hundred years the celestial messenger whose business it is to study conditions upon Earth makes his Report to the Recording Angel.<sup>1</sup> This volume contains fragments of the Millennial Report recently rendered. It presents a series of largely unpublished lectures that were given by John Atkinson Hobson to the South Place Ethical Society in London during the 1930s. It sets out some of the grave economic, political and moral situations of the last century which remain relevant today. It also includes an introduction in the shape of dialogues between the Messenger and the Recorder, dwelling in particular upon the ideas and circumstances that informed the many facets of Hobson's work on domestic and, above all, international society.

\* I would like to thank Duncan Bell, Michael Freeden, Roger Kanet, Myron Kok, David Long, Jeanne Morefield, Herman Schwartz, Leonard Seabrooke, and Colin Tyler for their advice and constructive comments on this chapter though, of course, the usual rider applies.

<sup>1</sup> J.A. Hobson, *The Recording Angel: A Report from Earth*, London: George Allen & Unwin, 1932. Note that this present Report is presented in the same style as Hobson's 1932 book. Note too that all subsequent references are to the writings of John A. Hobson unless otherwise stated.



# 1 First Session. Introducing John A. Hobson, the international man

*The Recording Angel is seated in his Office at his desk with a file of papers, a copy of Imperialism: A Study, and the last Report before him. His clerk ushers in a messenger from Earth who, after exchanging greetings with his Chief, takes his seat with folded wings.*

RECORDING ANGEL. It is well you acquainted me with your arrival yesterday, for it has given me time to refresh my memory regarding the past Record (dated 1932) of the little planet with which your Millennial Report deals. Nevertheless, I had already thoroughly reacquainted myself with John Atkinson Hobson's *Imperialism: A Study*.<sup>2</sup>

MESSENGER. I take it that you are referring to the 1932 book, *The Recording Angel: A Report from Earth*, which was mysteriously sent to J.A.'s home in North London, and who saw to it that it was published immediately?

R.A. That's correct. His All Highest was particularly impressed by that Report, given that He had become extremely worried about the grave condition that confronted the world at that time, following the Great War and the Bad Peace. And he found it far more satisfactory than the much shorter one that he commissioned in the eighteenth century.

M. Are you referring to 'The World As It is', Your Honour, where He asked Babouc to report on whether the Persians were worth saving in the light of their militaristic and lascivious tendencies?

R.A. Yes, indeed.

M. I am, of course, aware of this Report because it was leaked back to Earth and was then published by Voltaire.<sup>3</sup> And if I recall it correctly, Babouc's evaluation concurred with the 1932 Report's conclusion that mankind was made up of good and bad elements. But Babouc's judgement that overall life was 'tolerable' clearly differed to that found in the 1932 Report. Indeed the latter concluded that under the wrong conditions the world was *not* tolerable but

<sup>2</sup> *Imperialism: A Study*, London: George Allen & Unwin, 1968 [1938].

<sup>3</sup> 'The World As It Is', in Voltaire, *Micromégas and Other Short Stories*, London: Penguin, 2002, pp. 36–51.

4 Introduction John A. Hobson, the international man

that under the right conditions the good could outweigh the bad, thus making the world more than ‘just tolerable’.

- R.A. Indeed. Both Reports were leaked back to Earth and sent to leading intellectuals of the day in the hope that they would publish them for the benefit of Humankind. This was deemed necessary so that they might help alleviate the dangerous situation confronting the Earth at their respective times. This method was preferred to the more direct strategy of Divine interventionism. But the 1932 report was preferred because He found that it offered numerous prescriptions for solving the world’s problems that humans themselves might adopt.
- M. But at the risk of sounding overly *curious* and thereby offending Your Honour,<sup>4</sup> may I ask why the All Highest is so concerned about the situation on Earth? I ask this because if the present Millennial Report is to be leaked back to Earth, some humans will unfortunately question why He is so concerned, given that many feel He is oblivious to their sufferings. I am also bound to ask why His All Highest needs to learn from humans such as Hobson since surely He is ‘all-knowing’. And given this, He would surely be aware of everything about him? Finally, if I may be so bold, Your Honour, I am particularly puzzled by all this given that He can intervene at any time in order to correct the wrongs of Mankind.
- R.A. I can answer these questions simultaneously. As you probably know from reading the 1932 Report, in far distant times the All Highest set the Earth aside as an experimental station on which to try out some interesting speculations about reason and self-determination.<sup>5</sup> One of the higher primates was injected with an extra powerful strain of curiosity and social feeling, and was then set ‘free’ to see what sort of a life he would make of it. His All Highest is especially concerned that it should work successfully, and remains reluctant to abandon His experiment. Clearly then, the experiment would be pointless were He to intervene whenever He felt it necessary. Thus His All Highest prefers to maintain His Holy Rule of ‘Earthly *laissez-faire*’, reserving Divine intervention only for exceptional moments. He, therefore, watches from a distance and, accordingly, does not pry into all the detailed goings-on of each individual.
- M. I see. And I am of course well acquainted with the background of the Experiment. As the last Report reminds us, the All Highest was bitterly disappointed with the early results, especially with the disastrous Eden Experiment. As I recall, His famous ‘Water-Cure’ proved only temporary,<sup>6</sup> but His famous ‘linguistic divide and rule strategy’ was much more successful: ‘the All Highest seems easily to have outwitted them [the humans] by the

4 Here the Messenger is alluding to that human attribute which, when taken to an extreme, led to the undermining of the Eden Experiment; *Recording Angel*, pp. 9–10.

5 *Recording Angel*, p. 9.

6 The famous ‘Water-Cure’, of course, refers to the biblical story of Noah’s Ark.

simple device of confusing their tongues. This broke up their conspiracy, and the experiment itself became a multitude of separate experiments in different parts of Earth'.<sup>7</sup> I would suggest that this appears to have had some success right down to the sixteenth, if not the late-eighteenth century, given that the civilizations of the Earth had for the most part resided in relative harmony and engaged in a relatively interdependent world.<sup>8</sup>

- R.A. Quite so. But the All Highest has noted that things have gone awry again in recent times, ever since the Western nations began their blasphemous imperial experiments and embraced an increasingly atavistic sense of nationalism. Not surprisingly, this has led Him to now regret His linguistic divide and rule strategy. The All Highest was infuriated with this imperial turn. As he told me, 'Not only does this have strong echoes of the disastrous Babel project which forced me to break my Holy Rule of Earthly *laissez-faire*, but it has been done in *my* name. This was noted in the last Report,<sup>9</sup> and was ably clarified by Hobson in the second part of his 1902/1938 book with which I am most impressed'.<sup>10</sup> The All Highest is deeply angered over the fact that one particularly 'precocious' state – the government of 'the new Western country across the Ocean' – has been carrying forward the arrogant imperial experiment that was first deployed by its Anglo-Saxon forefather. Worse still, it has once again been carried out in His name. And His All Highest categorically denies that He has had any communication with the now ex-leader of that country, let alone having been involved in issuing any instructions to go to war. As I told your predecessor in the 1932 Report, 'Once [the All Highest] had a Chosen People, but when they went wrong he never took on any other'.<sup>11</sup> And as you know, nothing raises the All Highest's ire more than 'Babel projects'! So for this reason the All Highest wants to know how Hobson's career and thinking developed and has specifically asked for any unpublished materials to be presented in order to see if there are any solutions to the current predicament.
- M. Well, His All Highest might be pleased to learn that I have brought with me the series of largely unpublished lectures that were given at the South Place Ethical Society in the 1930s. These are of particular value, I believe, because they simultaneously provide a profound diagnosis of the world's problems in the 1930s as well as for those that confront the world today.
- R.A. This is indeed good news. But I would like to begin by learning why you have chosen this particular title for your Report, not least because as I understand it, Hobson's radical critique of imperialism was one that focussed mainly on domestic political economy. For that reason I would have

7 *Recording Angel*, p. 11.

8 J.M. Hobson, *The Eastern Origins of Western Civilisation*, Cambridge: Cambridge University Press, 2004.

9 *Recording Angel*, pp. 21, 82–103.

10 See *Imperialism*, esp. Pt. 2, Ch. 3, which deals with moral sentiments.

11 *Recording Angel*, p. 21.

6 *Introduction John A. Hobson, the international man*

anticipated something along the lines of ‘John A. Hobson: Social Reformer’.

- M. Well Sir, it is somewhat ironic that you say this because in 1898 J.A. published a book called *John Ruskin: Social Reformer*. As he explained in the Preface, there he set out to impute or grant ‘a unity and conscious design in Mr. Ruskin’s work’.<sup>12</sup> However, I do not believe that such a strategy should be applied to the writings of J.A. For on our journey we will find that discovering an ‘essential Hobson’ – one based on a logically-pure continuous *single-thread* – is probably akin to the search for the Holy Grail. But in another book, *Richard Cobden, The International Man*, J.A. develops a relativistic method, which I feel is more appropriate for understanding Hobson’s own works. This is the first of four reasons why I have chosen this title, and for this reason, Your Honour, I beg for the Lord’s patience here. To paraphrase J.A.:

The process of ‘settlement’ to which the reputation of a great public man is subjected after he has passed away is almost inevitably attended by grave misrepresentations. The commonest form of that misrepresentation consists in dramatizing some single episode, or aspect, of his career [the underconsumption-imperialist ‘heresy’] and assigning it to him as his sole and exclusive property. The career of [John A. Hobson] lent itself with peculiar facility to this popular falsification.<sup>13</sup>

And as he explains in the first line of the Preface:

The close attachment of the name of Richard Cobden to the overthrow of the protective system and the establishment of Free Trade in our fiscal arrangements has tended to obscure the wider policy of international relations which this great achievement was designed to serve.

Likewise, my prime objective in this Report is to reveal the point that the close attachment of the name of John A. Hobson to the overthrow of the imperial system solely through domestic welfare redistribution, has tended to obscure the wider policy and conception of international relations and imperialism which J.A.’s writings were ultimately designed to serve. As the South Place lectures reveal, J.A. was very much an ‘international man’. Indeed he embraced and worked for progress towards a new international humanistic ethic that would be imbued in a new ‘international man’, and which in turn would furnish peace among nations. Indeed in one notable Obituary it was said of J.A.: ‘He, to borrow the name which

12 *John Ruskin: Social Reformer*, London: James Nisbet, 1898, vi. Hobson chose this strategy because he felt that Ruskin’s work had been generally viewed as fragmentary and lacking in coherence.

13 Paraphrasing from *Richard Cobden: The International Man*, London: Ernest Benn, 1968 [1919], p. 15.

he gave to his book on Cobden's correspondence, was an "international man". The obituary then proceeded to outline the many international causes that he fought for throughout his life.<sup>14</sup>

- R.A. But I'm bound to ask why he published a book on Cobden, for my reading of *Imperialism* suggests that Hobson was a New Liberal who had moved beyond Cobden? Are you saying, therefore, that he did not see domestic reform as vital?
- M. Your Honour must pardon me. I failed to make myself understood. Domestic reform that could cut-off the economic tap-root of imperialism was a consistent part of his argument throughout his life work, as I shall explain in more detail later. But I particularly wish to bring to the attention of His All Highest a series of international, *non-economic* factors that Hobson also emphasised. For one reason or another these have been conventionally ignored or forgotten. This in turn leads on to the second rationale for my chosen title, for there were occasions when Hobson deployed Cobdenite reasoning.
- R.A. Well, permit me to reserve judgment on this in the light of what you present in the Report, since I am deeply surprised that Hobson's thinking at times linked up with Cobden's. But what are the other rationales for your chosen title?
- M. The third rationale lies in the point that in his book on Cobden, J.A. presented a series of Cobden's letters that had previously been unpublished. Likewise the current Report presents a series of mainly unpublished lectures that J.A. gave in the 1930s, which were delivered in the last decade of his life.<sup>15</sup> Fourth, and finally, all of the lectures are based on, or touch upon, international themes. So for all these reasons I felt that this was an apt title to capture his pioneering life-work.
- R.A. Before closing this session it would help if you could give me a brief outline of what you propose to discuss.
- M. Of course, Your Honour. In the next session I shall discuss J.A.'s theory of imperialism and introduce you to his first two theories of imperialism. In the third session I introduce his third theory of imperialism which is grounded in political and discursive factors. Such an analysis unfolds through a critique of the so-called economically reductionist 'Hobson/Lenin theory of imperialism'. In the fourth session I build on the previous discussions to reveal the centrality of the progressive international mind in his theory of peace and

14 F.W. Hirst, 'Death of J.A. Hobson: Economist and Humanist', *Manchester Guardian*, 2 April 1940.

15 Note that two of these pieces have been published, namely 'Thoughts on Our Present Discontents' and 'The Sense of Responsibility' – full publication details are presented in the Fifth Session. Notable here is that like Hobson's book on Cobden, so the present volume also presents an introduction written by a John Hobson (though on this occasion he turns out to be the great grandson of J.A.).

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international government, while the final session discusses his South Place Ethical Society lectures in the context of the 'struggle for the international mind'.

*R.A.* All of which I look forward to. Well, you have made good your introduction. But is this not a convenient time for a pause? Suppose that we resume our sitting after lunch.

## 2 Second Session.

### Reimagining imperialism

#### A Cobdenite ‘versus’ a radical Hobson?

*RECORDING ANGEL* (addressing *MESSENGER*). I would now like us to consider Hobson’s written works and I think it would be best to begin with his analysis of imperialism for which he is justifiably famous and about which His All Highest is keen to learn much more.

*MESSENGER*. This is all to the good, Your Honour, for it is also one of several important themes of the 1930s lectures.<sup>1</sup> If I may be so bold, can I respectfully ask Your Honour to convey your understanding of J.A.’s theory of imperialism, for this will help contextualize my discussion?

*R.A.* Of course. As I understand it, Hobson took as his point of departure a critique of classical liberal political economy. He argued against classical liberalism on the grounds that the economy is not governed by a self-regulating set of laws of supply and demand because the economy’s effective functioning is constantly distorted by privileged elites such as landowners and, most especially, finance capitalists. So what was missing in classical liberalism was the theory of the *unproductive surplus* and the *maldistribution of income*. These phenomena derive from *unearned income*, which in turn derives from those areas in which there is a natural or legal monopoly. Unearned income derives from such areas as land which enjoys rental and value increases that come about not through the hard work and savings of landowners but through the level of general prosperity generated by the whole community.

*M.* Indeed, Sir. For distribution does not naturally occur as in classical liberalism where the optimal allocation of resources is achieved through the market, but is distorted by the ‘forced gains’ and superior bargaining power of the elites compared with the masses.<sup>2</sup> In the process, as income accrues disproportionately to the wealthy, the majority of the population suffer reduced purchasing

1 Most especially, ‘The Causes of War’; ‘Is International Economic Government Possible?’; ‘Thoughts on Our Present Discontents’; and ‘The Sense of Responsibility’. Dates of these pieces are provided in Session Five below.

2 Detailed discussions of all this are found in *The Economics of Distribution*, London: Macmillan, 1900, pp. 295–361; *The Crisis of Liberalism*, London: King & Son, 1909, pp. 162–75.

capacity that leads to the problem of decreasing *aggregate* or overall demand. And in turn, underconsumption leads directly on to economic depression.<sup>3</sup>

- R.A. It is, of course, at this point when his analysis of imperialism comes into play. For this over-saving by elites can be invested in one of two places: either domestically or abroad. But with underconsumption at home, capitalists and landowners seek to invest their money abroad in order to obtain a better return. Accordingly, under-consumption was described as the ‘tap-root’ of imperialism. So Hobson was against foreign investment since this was the origin of imperialism. Surely this much is well-known given that this was the famous proposition that underpins his theory of imperialism?
- M. Unfortunately, Your Honour, though it is indeed well-known, it is nonetheless highly problematic. For J.A., foreign investment is not harmful *per se* but could, albeit *under the right conditions*, promote prosperity and peace in the world. But when these conditions are not present, imperial economic interests push for protection from their respective national governments, which leads on to imperialism and war.
- R.A. Notable too, as I understand it, is that imperialism is self-reinforcing, because imperial elites are able to secure further advantages that exacerbate underconsumption at home. Thus imperialism leads to huge military expenditures that benefit the economic elites but simultaneously crowd out welfare expenditures, thereby cutting off one of the vital means to redistribute income. As I understand it, it was mainly in this context that Hobson presented his critique of tariff protectionism. For tariffs are also a form of regressive (indirect) taxation which fiscally penalizes the poorer classes.<sup>4</sup> And once again, regressive taxes further cut off the means to redistribute income to the working classes, thereby exacerbating the problem of domestic underconsumption. So imperialism could be undermined through a set of interventionist policies undertaken by a social-democratic state in order to enhance domestic aggregate demand. And thus if all investment could be absorbed domestically, there would be no need for investment abroad, and the tap-root of imperialism would be cut.<sup>5</sup>
- M. And to complete this conventional reading, J.A. argues that by shifting the tax base away from regressive indirect taxes towards the progressive taxation of unearned income, especially through income taxation, land taxes and death duties, the maldistribution of income could be corrected.<sup>6</sup> Note too that this fiscal policy was aimed at the elites in general, not just finance capital.

3 *The Problem of the Unemployed*, London: Methuen, 1896, pp. 88–93, 98–111.

4 *Imperialism*, Pt. 1, Ch. 7. This idea was developed in much more detail in J.M. Hobson, *The Wealth of States*, Cambridge: Cambridge University Press, 1997.

5 *Imperialism*, pp. 85–89.

6 See *Imperialism*, Pt. 1, Ch. 7; *Problem of the Unemployed*, 88–92, 98–111. The fullest discussion of this is found in, *Taxation in the New State*, London: Methuen, 1919, esp. Pt. 1.