



Title	Gentlemanly Capitalism and British Imperialism : The Origins and Development of an Idea
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Citation	大阪外国語大学アジア太平洋論叢. 1997, 7, p. 167-172
Version Type	VoR
URL	<a href="https://hdl.handle.net/11094/99751">https://hdl.handle.net/11094/99751</a>
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# Gentlemanly Capitalism and British Imperialism:

## The Origins and Development of an Idea

Peter Cain\*

The lecture is an attempt to look at the reasons why Tony Hopkins and I introduced the idea of 'gentlemanly capitalism' and how we came to apply it to the imperial experience of Britain. It also includes a brief look at some of the criticisms made of the original idea.

### *The Concept of Gentlemanly Capitalism*

#### 1) *Personal origins*

Here I will try to explain how the concept was first developed. For me the origins lie in my experience of industrial capitalism as a young man in Lancashire in the 1940s and 1950s. The sharp contrast between this experience and my education at Oxford left a very strong impression upon me because most people in Oxford came from a very different background in the service sector and the City of London was of central importance to them. I also recognised at that time that the public schools from which Oxford and Cambridge recruited most of their students provided the educational élite who occupied so many of the leading positions in political, business and social life in Britain. I became interested in the sources of this power and influence as a young student though I did not work directly on these issues until the mid- 1970s in Birmingham.

#### 2) *The History of Services and of the City of London, the Origin of*

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### *'Gentlemanly Capitalism'*

A key factor in helping Hopkins and myself to understand the nature and development of capitalism in Britain has been the work done in the last twenty years on the growth of the service sector and also the work done on the history of the City of London. Without this it would have been impossible to formulate the idea of gentlemanly capitalism at all. From this we recognised that the dominant elite in Britain from about 1870 was that which grew out of the service sector and the City and the links between them and traditional landed wealth in Britain. We also recognised that this evolving economic elite of gentlemanly capitalists also provided the main body of the politicians and administrators who governed Britain.

### *3) Origins of the Link between Gentlemanly Capitalism and Imperialism*

When I went to Birmingham in 1996, I was asked to teach imperial history. Through this I met Professor Hopkins who was a specialist in West African history and our interest in British imperialism led us to develop joint courses. As economic historians we instinctively agreed that economic change in Britain was important to British imperialism and this led us into conflict with the dominant explanation of imperialism associated with Robinson and Gallagher who denied the link between economic change in Britain after 1870 and the expansion of the British empire in Asia and Africa. On the other hand, we were dissatisfied with the ideas of Hobson and Lenin because they concentrated on financial imperialism and seemed unable to link industry with imperialism. Until the late 1970s we believed that industrial change must in some way have motivated British imperialism. We also found the Hobson-Lenin explanation difficult because they did not explain how economic change translated into the political action of imperialism. In other words they could not explain how what Robinson and Gallagher call the 'official mind' of imperialism was influenced by economic ideas or pressures.

Our failure to find a causal link between industry and imperialism led us to shift our attention to services and the City and thus led on to the idea of gentlemanly capitalism. The last step was to argue that gentlemanly capitalism provided the main economic impulses leading to imperialism (through such means as foreign investment and other activities) but that it also provided the political elites through which the economic ideas associated with the City of London and with services reached the political scene. Gentlemanly capitalism thus provided us with a revised version of the arguments put forward by Hobson and Lenin because it explained economic change and economic pressures from the perspective of finance. It also provided us with an explanation of political power and thus helped us to give a new way of looking at the behaviour of Robinson and Gallagher's 'official mind' because we could now show how the official mind was linked to the economy. In this way we tried to overcome the weaknesses in both the 'classical' theories of imperialism and those of Robinson and Gallagher.

#### *Who were the Gentlemanly Capitalists?*

In this section I look at the origins of the aristocratic form of gentlemanly capitalism and how it managed to retain wealth and power during and after the industrial revolution. The emphasis here will be on the fact that the British industrial revolution, though the first in the world, came only after agriculture and commerce-both presided over by the aristocracy-had gone through revolutionary transformation themselves. This experience, and their own adherence to the principles of the capitalist market, helped the aristocracy to benefit economically from industrialisation and also to retain political dominance during the process.

#### *The Transformation of Gentlemanly Capitalism*

The next task is to explain how the aristocratic form of gentlemanly capitalism was transformed after 1880 into another in which the City of London and a new, meritocratic, public school-educated upper middle class were much more prominent. This involves emphasising the importance of the service economy of London and the South east of the country and the development of London as an international service centre with a culture of foreign investment which became the chief element in Britain's economic presence abroad after 1870.

#### *The City of London and Gentlemanly Capitalism*

In the light of some recent criticisms, this section explores the extent to which the City was a centre of gentlemanly capitalist; whether or not the gentlemanly capitalist core in the City were at really imoportant to the City's economic development after 1880 or not; and the reasons why the City had such significance to governing elites in Britain and to political economy after 1870.

#### *Gentlemanly Capitalism and Informal Empire*

In this section I attempt to develop our arguments about the extension of informal empire after 1880 contrasting our conclusions about the extent of informal empire with those of Robinson and Gallagher. Their emphasis is on the decline of informal empire after 1870 whereas we argue that informal empire was expanding in some areas like Latin America but declining in others such as the Middle East and that there is a connection between these apparently different phenomena.

#### *Gentlemanly Capitalism and Formal Empire*

In this section, I would like to outline once again the main differences between our approach and Robinson and Gallagher's. They see India as the

place of central importance and see African partition as important mainly in relation to India. We highlight the significance of the white empire and downgrade that of the dependent empire whether in Asia or Africa. Robinson and Gallagher's account also sees India as a unique part of the empire not subject to general explanations of imperial development. We try to show that our approach is more successful than any preceding attempt in integrating what happened in India into a general explanation of British imperialism.

#### *Concluding Remarks*

Here I will try to look at the contemporary significance of our argument has been and what impact it is likely to have on the writing of British imperial history.

1) It is now clearer to me now than it was when the book was written that 'gentlemanly capitalism' is dying rapidly in Britain. Its economic core in the City of London is being finally eroded by the effects of Big Bang in 1986. Perhaps the reason why gentlemanly capitalism appeared so clearly to us as an idea in the 1980s is that it was coming to an end and therefore easier to distinguish than it would have been twenty years earlier.

2) One of the interesting things about the book's reception is that it has received a measure of acceptance across the political divide. Those on the Right (Conservatives) have seen it as an affirmation of the importance of the City and of empire in the past: those on the Left (Labour) have seen it as confirmation of their view that finance was the cause of imperialism. Besides that, David Kynaston has used the gentlemanly capitalist idea in the *Guardian* newspaper to highlight the long- running saga of the division between City and industry and the lack of interest in the City in industrial investment in recent times. Will Hutton, a leading economic

journalist and broadcaster in Britain who now edits the *Observer* newspaper, has also used gentlemanly capitalism to explain the origins of what he sees as a fundamental lack of concern about long term industrial growth in Britain at present. This appears in his book, *The State We Are In* (1994). Hutton is very concerned about the 'short termism' of British economic life as represented by the City and thinks that this short-termism has very bad effects on industrial investment. Moreover, he believes that City attitudes are dominant in government. His book has been very influential in the political debate in Britain. I am involved in this debate because I am contributing to a symposium on Hutton's views about economic policy in the *Political Quarterly* for January 1997 by looking at the historical background. The *Political Quarterly* is an influential magazine with politicians and with political journalists.

3) In more academic terms, I expect that the main influence of the book will be, firstly, to renew interest in the economic side of imperialism after a long period of neglect. Secondly it will also have an influence in persuading economic and political historians in Britain that it is impossible to understand the evolution of Britain, both as an economy and as a polity, without recognising that imperialism was a vital part of it and that British society would have evolved very differently without it.