

Cain, P. J., and A. G. Hopkins. *British Imperialism: Crisis and Deconstruction 1914–1990*. Longman: New York, 1993. 337 pp.

Authors: Peter Cain, an Oxford graduate, is Research Professor in History at Sheffield Hallam University. Anthony Hopkins is Professor of International History at the University of Geneva.

Subject: Cain and Hopkins analyze capital investment, central banking, and monetary policy in the relationship between Britain and the empire in order to understand the decline of British power. The book focuses primarily on the years between the world wars.

Characteristics: This is the second volume in a reinterpretation of British imperialism. Cain and Hopkins offer a capitalist rather than a Marxist interpretation, and they interpret the empire from the perspective of the city of London. Their interpretation is solely economic, and rarely even takes note of events, people, cultures, or ideologies.

Thesis: Financial rather than industrial capitalism controlled British imperial policy at home and allowed British control abroad; thus, the British Empire declined because it lost financial power.

Themes:

1. "Gentlemanly capitalism"
 - a. Characteristics and ethos: ascendancy over landed interests; invisible but substantial income; financial capitalists involved in investment, banking, renting, and financial services; from London and Southeast England; central in nation- and empire-building.
 - b. Education: public schools; Oxford and Cambridge; discipline; public service and guardianship of the state; entrance to gentlemanly capitalism limited on grounds of "character"; replenished by new talent.
 - c. Civil Service: Sir Ralph Furse, colonial recruiter 1919–48; shaped course of empire; promoted financial over industrial interests.
2. "Financial imperialism"
 - a. Historiographical approach: understands empire as financial dominance of capital investment, not as industrial dominance of markets and raw materials.
 - b. Imperial method: Britain's primary export was capital and financial services; "banker to the world"; financial dependency leads to informal empire or formal political empire; "sovereign debt."
 - c. Finance over industry: Canada was allowed to raise tariffs or India to develop competitive industry in order to pay back financial interests.
3. The decline of the empire
 - a. Definition of *decline*: formal vs. informal control; industrial vs. financial power; laissez faire vs. intervention and tariffs; absolute vs. relative decline.
 - b. Cause of decline: competition from New York capital; investment relationships broken by WWI; called in loans and spent gold reserves to pay for WWI supplies; borrowing practices in attempts to return to gold standard; abandonment of gold standard in 1931; development of local capital markets; debts to India; debts to U.S. post-WWII.
 - c. Attempts to halt decline: Empire Settlement Act of 1932; financial orthodoxy post-WWI included (1) tax increases, (2) administrative reforms, (3) balanced budget, (4) gold standard, (5) central monetary policy and convertibility; Sterling Area.
 - d. Sterling Area: smaller area of dominance; Ottawa Conference of 1932; signatories depended on British money markets, traded in sterling, held reserves in sterling, fixed currency on sterling; trade concessions to maintain payments of debtors to British.