

# A Place in the Sun: Rethinking the Political Economy of German Overseas Expansion and Navalism Before the Great War

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It has long been tempting to see the political economy of German imperialism as little more than a handmaiden to disaster. This perspective is supported by the fact that many of the economists active in this prewar *Weltpolitik* were later also involved in wartime administration, wartime strategy, and defining German war aims. Indeed, it is striking just how many of the younger students of prominent economists of the period would play significant roles in German imperialist politics and in the war. Among those worth mentioning is Karl Helfferich, a student of Georg Friedrich Knapp and director of the Deutsche Bank, who oversaw the prewar construction of the Berlin-Bagdad Railway, was named State Secretary of the Reich Treasury in 1915 and in that capacity

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was responsible for financing the war. Max Sering, a student of both Gustav Schmoller and Knapp and Professor at the Landwirtschaftliche Hochschule Berlin, became chairman of a commission in the Ministry of War to prepare the economy for a wartime footing. He was also charged by the Foreign Office to study the occupied territories to the east to advise on future annexations. Hermann Schumacher, another of Schmoller's students, was Professor at the University of Bonn and during the war active as an expert advisor to the Essen Chamber of Commerce, where he helped work out the war aims of German heavy industry in Belgium and France. Ernst Levy von Halle, a student of Sering and Schmoller and Professor at the University of Berlin, became an influential expert advisor to the Imperial Navy and spearheaded the prewar naval propaganda campaign.

The historian Fritz Fischer saw this fateful amalgamation of economic scholarship and policy—which predated the war and Max Weber had already sharply criticized—as responsible for Germany's uniquely aggressive war aims and wartime strategy. Fischer also saw in these war aims important precursors for a second attempt to seize world power under Hitler.<sup>1</sup> Historians of the Bielefeld School have since built a solid footing for this view of the Great War by emphasizing that Germany's aggressive prewar diplomacy and policy was an outgrowth of a crisis of domestic politics that resulted from the contradictions of Germany's modern industrial economy and bourgeois society retaining an antiquated, authoritarian government, which allowed its foreign policy to be led astray by unenlightened "Neomercantilist" views in order to keep the German public distracted.<sup>2</sup> Years before the outbreak of the war this "social imperialism" was focused on building a high seas fleet, the creation of a central European customs union, and gaining colonial concessions in the Near East, Africa, and South America.<sup>3</sup>

Economists and economic historians have long known a similar interpretation of the war. In a famous essay written shortly after the end of the First World War, Joseph Schumpeter emphasized the peaceful and anti-imperial tendencies of capitalism, highlighting the irrationality of the aggressive imperialism of the prewar period, which he blamed on the egoistic interests of a small minority and the atavistic habits of a disappearing feudal caste.<sup>4</sup> Had Europe's and—above all Germany's—elite

and political leadership had a more enlightened grasp of self-interest and had the commercial bourgeoisie enjoyed more influence on politics, then the enormous advantages of free trade enabled by the British Empire would have been grasped, and the senseless construction of battleships and the aggressive *Weltpolitik* of the prewar period might have been avoided. One could add: Had the German elite read more Smith, Ricardo, and Marshall rather than List, Roscher, and Schmoller while at university, peace might have prevailed in 1914.

The same year that Schumpeter's essay on imperialism appeared, Karl Helfferich published his three-volume book *Der Weltkrieg*.<sup>5</sup> In the first volume, he analyzed the prehistory of the Great War, complaining in one passage of the diplomatic mistakes that resulted from speeches that "expressed the German desire for peace by underscoring all too clearly our readiness for war."<sup>6</sup> As an economist, he nevertheless emphasized the structural forces behind the tensions of the prewar period which restricted the political room for maneuver.<sup>7</sup> While Helfferich's explanation was undoubtedly self-exculpatory given his role during the war, his insights cannot be dismissed out of hand. The driving structural forces that gave rise to prewar tensions were geopolitical, economic, and demographic, and these were reflected in many areas of prewar German economic thought and policy. It is mistaken to see these primarily as an outgrowth of a crisis of domestic politics or as the expression of "unenlightened" Neomercantilist views. Indeed, perception of these driving forces was often a product of close study of other countries and the international economy following lengthy travels abroad. It is notable, for example, that Helfferich, Sering, Schumacher, and von Halle had all spent much time abroad before the war and devoted their scholarship to various aspects of the international economy, notably Asia and North America.<sup>8</sup> If one adds one other German economist of the prewar period active in German *Weltpolitik*, such as the first Rector of Hamburg University, Karl Rathgen—a student of Schmoller—the outward orientation of these economists is quite remarkable.<sup>9</sup> Indeed, there is strong evidence that *Weltpolitik* as articulated by these and other German economists was a product of experiences and exposure to ideas abroad, notably in the USA, the other rapidly developing world economic power of the time.

What were the assumptions of this new perspective and upon what specific set of observations was it based? Addressing this question afresh from a transnational and comparative perspective promises new insights because it allows recovery of a strand of transatlantic economic discourse that has been obscured by more national perspectives, a strand also largely neglected by the history of economic thought. It also offers an opportunity to reorient the history of political economy toward those ideas that have been particularly influential to economic policy since the beginnings of modern economic thought. In order to do this, it will first be necessary to sketch out the political economy of German *Weltpolitik* around 1900. This will be followed by a discussion of the role of the USA in the evolution of these ideas to offer a reorientation of the history of political economy that can highlight a common transatlantic discourse traceable to seventeenth-century England.

## The Political Economy of *Weltpolitik* Around 1900

The economic war aims of Imperial Germany in the First World War were in many respects nothing new but rather a radicalized version of specific desires and demands that had emerged from the experiences of the prewar period, which had highlighted the precarious geopolitical and economic circumstances of Germany. Already in the 1890s, a consensus had emerged among influential German economists that Germany's industrialization and the heightened competition with other industrial powers justified a new orientation in foreign policy. This new orientation involved securing Germany's maritime interests, which had grown as a consequence both of increased industrial exports and rising imports of raw materials and foodstuffs and were threatened by growing international protectionism. Prominent in this development was the American Tariff Act of 1890 (McKinley Tariff), which had raised average import tariffs to nearly 50%. Another challenge to which the Germans were responding was Britain's formalization of a two-power standard in naval arms through the Naval Defense Act of 1889, which sought to expand

the number of battleships in the Royal Navy to at least the size of the next two largest navies combined (at the time, those of France and Russia). Intended as a deterrent to rival powers, the Act of 1889 sparked an international arms race that would involve both the USA and Germany. It is neither possible nor necessary to discuss the expansion of Germany's High Seas Fleet after 1897 in this essay in any detail, much less to assess the strategic calculus of the energetic architect of the German Navy, Alfred von Tirpitz. It is enough to mention that in addition to trade and colonial interests, as well as the interests of German heavy industry, a range of factors played a role in passage of the German naval bills, notably the influence of the American naval strategist Alfred Thayer Mahan within naval circles and the educated German public, the international tensions of the 1890s (the Venezuela Crisis of 1895, the Sino-Japanese War of 1894–1895, and the Jameson Raid 1895–1896), Tirpitz's own departmental zeal and hunger for power, and, not least, Kaiser Wilhelm's naval enthusiasm. In any case, Volker Berghahn's familiar thesis that this naval legislation was devised to shore up Germany's monarchical authoritarian regime has been thrown into serious doubt by recent research.<sup>10</sup>

What were the arguments deployed by German economists on behalf of an expanded navy? A letter written by Gustav Schmoller to Alfred Tirpitz in late July 1897 illuminates some of these motivations:

I am very pleased if those conducting German trade policy grasp the enormous dangers of Panamericanism, the English agitation for Greater Britain, and Russian plans for world power. ...And naturally all our plans for the fleet are tied in the closest possible way to future German trade policy. I only fear the penetration of agrarian interests will hinder a keen policy oriented toward the future. If a system of high tariffs in the Bismarck-Kardorffian<sup>11</sup> sense were to be introduced then one cannot pursue export and naval policy.

Naturally I still have hopes for Hohenlohe,<sup>12</sup> who as an old free trader will not be had easily for excessive protective tariffs. But we must also not neglect our trade treaties if we do not want to destroy our industry and exports.<sup>13</sup>

Such views were shared in particular by economists of a progressive liberal persuasion, notably Lujo Brentano:

Every policy that effectively works toward raising our exports is assured my support. For—whether one may view it as a fortune or misfortune—it is nevertheless a fact that Germany is now an industrial state. Since this is how things are, the most important concern is to find sales markets for its products, and particularly the export of its industrial products. On this the sales will now depend, namely even the domestic sales market of our agricultural products. For our domestic sales market is dependent upon whether we have a solvent working population. The solvency of the industrial working population has replaced the old: “if the farmer has money, so does everybody.” The future of agriculture lies in the purchasing power of our industrial working population, in the development of its necessities, the increase of its efficiency and the adjustment of agricultural production to its needs. Yet the solvency of our working population has as a precondition the development of our exports

The future of our exports is, however, currently very threatened. The development of the relationship between England and its colonies could become very detrimental to us. Similarly, our senseless bounty policy has given us the American Dingley Bill,<sup>14</sup> whose horrors will likely be felt even sooner. Decades of work of our businesspeople could be endangered by it. Under such conditions it is natural that one looks about for alternatives. To expect this from our colonies would be childish. But in Asia and South America there may still be very much to be had. From this viewpoint an increase in the German fleet appears justified.<sup>15</sup>

What clearly stands out in these letters as a justification for a larger fleet among economists was the growing dependence of German industry on exports and rising protectionism abroad, especially in the USA. What also emerges from these letters is growing disappointment with German colonies and the importance instead of promising future markets in South America and Asia. The Spanish–American War that broke out only a few months later and gave the USA the status of an overseas colonial power for the first time—simultaneously in the Caribbean and Pacific—would only serve to reinforce these fears, just as would German disputes with the Americans and the British over the colonial administration of Samoa in 1899. Highly provocative around this time were also the views of the British Secretary of State for Colonies, Joseph Chamberlain, who was noted in Germany for his fiery jingoism during

the Second Boer War (1899–1902) and who began to speak out openly in support of a protectionist British Imperial Customs Union.

Not surprisingly, very similar views to those of Schmoller and Brentano would spread among the ranks of other German economists by the year 1900, many of whom would involve themselves willingly in advocating for naval bills. Of the 270 so-called fleet professors from all branches of the arts and sciences, some 38 were economists, among them (and supplemental to those already mentioned above) Heinrich Dietzel, Richard Ehrenberg, Wilhelm Hasbach, Wilhem Lexis, Sartorius von Waltershausen, Gustav Schönberg, Albert Schäffle, Werner Sombart, Adolph Wagner, and Max Weber.<sup>16</sup> The arguments that were mobilized were multifarious but are very neatly illustrated by a lecture given by Gustav Schmoller in 1900.<sup>17</sup>

In addition to the already discussed problems of growing international protectionism, Germany's increasing export dependence, the importance of promising export markets in South America and Asia, as well as trade treaties to keep the door to trade open, Schmoller's speech was concerned with strong German population growth, which he estimated would leave Germany with 104 million people by 1965 and which a French demographer cited by him estimated would reach 200 million by the year 2000.<sup>18</sup> The growing population density, the limited possibilities for productivity increases in agriculture, and the challenges posed to increasing exports made German settlement of areas outside of Europe along the lines of Britain's settler colonies on the African Cape, Canada, and Australia a necessity. This would secure Germany a place alongside the great peoples of the earth but would only be possible with a larger navy.<sup>19</sup> Among the promising areas for such a settler colony, southern Brazil was mentioned, where it was hoped an autonomous German territory with 20–30 million Germans would emerge in the twentieth century, a project that would be impossible without an enhanced German naval presence.<sup>20</sup>

A question posed in the speech was whether under current conditions in Britain and the US trade policy could be conducted in the future without power politics and the instruments of power offered by an enhanced navy. The contrast between the liberal British era of Cobden

and Gladstone could not be starker to the one ushered in by Disraeli, which made increasing use of blockades, searches, and seizures of neutral shipping, as well as restrictions on the use of coaling stations and undersea telegraph cables, and in the case of the South African Boers, included naked aggression. Schmoller noted that between 1866 and 1899, the territory of the British Empire had expanded from 12.6 to 27 million square kilometers.<sup>21</sup> Likewise, the Russian Empire had expanded into East Asia and the USA westward on the North American continent and into the former colonies of Spain in Cuba and the Philippines. As a medium-sized power, Germany had to defend itself against these “three great conquering and colonizing empires” with a stronger fleet in order to have a place at the table in the future division of Africa and China, the future of the South Pacific and in assuring access to the North and South American markets.<sup>22</sup> Germany had not created these conditions, but it could not evade the bitter struggle for economic survival:

The turnaround of world conditions, the necessary liquidation of dying empires, the necessary division of the earth between *Kulturnationen* [cultured nations], which alone rule [and] can create advanced economic conditions and institutions, [and] the heightened competition in the world economy have created the new state of affairs from which today’s tensions, envy of trade, and conflicts of all kinds came into being. We must not forget that it was precisely in the freest states, in England and North America, that popular and mass instinct fed conquering tendencies, imperialist plans, and hatred of up-and-coming economic competitors, where their leaders emerged from the ranks of great speculators with manners half those of pirates, half of stock brokers, possess billions and at the same time serve as party leaders and ministers.<sup>23</sup>

Only a larger fleet could countervail this “overstrung robber-mercantilism” everywhere and the division of the earth by these three world powers who sought to exclude all other states and to destroy their trade.<sup>24</sup>

A protective tariff wall of the kind erected by Russia, France, and the USA was strictly rejected due to the dangers it posed to Germany’s relations with Britain and due to the significance of the export trade for German industry. Instead, Schmoller hoped that an enlarged High Seas Fleet could

protect Germany and the other European medium and smaller states with the expectation that Germany's neighboring states (Austria, Switzerland, the Scandinavian states, and the Netherlands) would come to see the logic of a trade, customs, and colonial union with the German Empire.<sup>25</sup>

If one overlooks the somewhat overheated rhetoric of this speech, written as it was in the shadow of the Second Anglo-Boer War, it encapsulates the key components of *Weltpolitik* embraced by most German economists in the prewar era: (1) worldwide free trade through the open door and trade agreements; (2) a central European customs union; and (3) German settler colonies. This was the mainstream position of those German economists who fully embraced Germany's industrial future and for which an expanded fleet was seen as the natural tool.

Perhaps less appreciated today is the extent to which these aims were shaped by direct observations of, and comparisons with, the USA at the time. Research over the last several years has highlighted just how entangled the USA and Germany were in the late nineteenth century, an entanglement shaped by an unparalleled flow of people and ideas between the two countries, the coincidence of their simultaneous industrialization and urbanization, the influence of American enterprise and technology, and, conversely, German models in higher education, social reform, and administration.<sup>26</sup> As recent scholarship has shown, those strong connections also extended to German understandings of colonial empire and naval power.<sup>27</sup> Indeed, it could be argued that the USA was an even more influential point of reference in these areas than the British Empire. An important point to make here is that globalization and the encounter with both the USA and British Empire around 1900 did not dissolve German national identity but rather served as a catalyst for the assertion of German national claims elsewhere in the world.

## Lessons from Venezuela and the Philippines

Ernst Levy von Halle would play a key role as a close observer of the USA and mediator of ideas that evolved over the course of the 1890s to influence the German government and wider public, in this case to shape German perceptions of the challenges posed by the USA and

the necessity of an expanded German High Seas Fleet. Von Halle, who was from Hamburg and had close ties to the city's merchant interests, had studied political economy in Leipzig and Berlin. He was living in Chicago attending the World's Columbian Exposition in May 1893 when he received a commission from the Verein für Sozialpolitik (Association for Social Policy) to compile a major report on industrial trusts in the USA.<sup>28</sup> Over his time in the USA 1893–1895, and then on an excursion to the West Indies and Venezuela from January–March 1896, von Halle also became an expert on cotton cultivation, which he had opportunity to study directly by travelling through the American South in 1894.<sup>29</sup> These materials were used to write a major study on the history of cotton production in the American South,<sup>30</sup> which together with his work on American trusts and syndicates, firmly established von Halle as one of the leading specialists on the American economy in Wilhelmine Germany.

Shortly after his return from Venezuela and the West Indies in 1896, von Halle published an article in Schmoller's *Jahrbuch* which distilled his impressions of the USA in the shadow of the Venezuela crisis of 1895, during which the USA came to the brink of declaring war on Great Britain for allegedly violating the Monroe Doctrine in a border dispute between British Guyana and Venezuela.<sup>31</sup> The threat of war and the expanded American naval forces which made the threat credible led to an uncharacteristic withdrawal of British claims—despite their validity—and submission to American arbitration.<sup>32</sup> Von Halle was deeply concerned in his article about the growth of jingoistic and belligerent public opinion in the USA that he himself witnessed during the Venezuela crisis. He was also worried that the new more muscular Monroe Doctrine together with America's very high protective tariffs and powerful trusts would eventually exclude German exporters from the western hemisphere.<sup>33</sup> He urged the German government to purchase the Danish island of Saint Thomas before it fell into American hands to assure German traders a tariff-free port to Central and South American markets.<sup>34</sup> He also proposed coordinating retaliatory tariffs between Germany and the countries of continental Europe in a customs union in order to force the American market open to European trade.<sup>35</sup> Finally, von Halle proposed shifting German immigration away from

the USA toward South America and developing alternative sources of cotton in German colonies with the aid of Texas German planters as additional leverage over the Americans.<sup>36</sup>

It is almost certain that von Halle had by this time steeped himself in the writings of the American naval officer Alfred Thayer Mahan, whose *Influence of Sea Power upon History, 1660–1783* (1890) and *Influence of Sea Power upon the French Revolution and Empire, 1783–1812* (1892), had been published shortly before von Halle's travels in the USA and quickly became influential in naval policy circles in both the USA and Germany.<sup>37</sup> In any case, von Halle's writings on the history of American cotton production as well as his subsequent writings on the role of the Union blockade in the defeat of the Confederacy demonstrate that he drew parallel conclusions from this more recent episode of history: "Nearly half of the German people is directly or indirectly dependent upon industries reliant on the import of raw materials and semi-manufactured goods and export of semi-manufactured and manufactured goods. If these suffered restrictions limiting the possibilities of work and commerce, a terrible crisis would doubtless ensue."<sup>38</sup>

The lessons learned for German trade from his American experiences won von Halle admiration from German naval circles, and shortly after Alfred von Tirpitz was named State Secretary of the Reich Navy Office in 1897, von Halle was appointed as press secretary of the Navy Office's Information Bureau, where he worked vigorously and very effectively to propagandize for expansion of the German High Seas Fleet in various publications, often under the pseudonym "Nauticus."<sup>39</sup> The Spanish–American War, which followed closely on the heels of von Halle's appointment to the Navy Office, seemed only to confirm the wisdom of a modernized and expanded navy, a conflict in which naval power proved decisive in America's victory and subsequent territorial claims. During the war, Germany contemplated seizing the Caroline Islands, the Sulu Archipelago and the Philippine islands of Mindanao and Palwan and intervened very provocatively by sending the Cruiser Division's flagship and three other cruisers to Manila in June 1898 to make the German presence known, inspecting various prospective islands and in the process repeatedly violating American blockade rules and refusing to cooperate with the US Navy inspecting ships for

contraband.<sup>40</sup> These German vessels also violated their neutrality during their reconnaissance of Subic Bay in July 1898, nearly leading to conflict with the American Navy commanded by Admiral George Dewey.<sup>41</sup> With the arrival of American naval reinforcements, the Germans were nevertheless forced to beat a hasty retreat, giving up any hope of territorial gains. It was only following negotiations with the Americans, Spanish, and British that Germany was permitted to purchase the Caroline, Palau, and Marianna Islands (excepting Guam) from Spain in February 1899, a rather modest prize given earlier ambitions in the Philippines.<sup>42</sup> As von Halle concluded in an assessment of the new North American imperialism, “Mahan’s expanded idea of the significance of sea power had found among them [the Americans] receptive students.”<sup>43</sup>

The British were long accustomed to using their maritime hegemony to search and seize shipping, impose blockades, and, *in extremis*, to destroy rival navies without consideration of international treaties like the Paris Declaration of 1856. Jackie Fisher and the rest of the British Admiralty made no secret of this intention, which was the cornerstone of British prewar deterrence maintaining freedom of the seas.<sup>44</sup> This was confirmed during the Boer War, when in December 1899 and January 1900, the German postal and merchant steamers *Bundesrath*, *Herzog*, and *Hans Wagner* were seized by the Royal Navy in Delagoa Bay in Portuguese East Africa (a neutral port) and taken to South Africa on suspicion of carrying contraband.<sup>45</sup> Shortly thereafter the German postal steamer *General* was stopped and boarded at Aden for similar reasons. No contraband was ever found. During the Boer War, similar violations of ships under neutral flags or neutral harbors occurred, and before the First World War, Great Britain refused to offer neutral ships greater protections or constrain its unilateral right to impose blockades—the London Declaration of 1909, for example, was never ratified by the House of Lords.<sup>46</sup> A common refrain heard at the time was “Britannia rules the waves because she waives the rules.” This reinforced the logic of German maritime power. As was noted at the time in a newspaper widely read by the German educated *Bürgertum*:

The organs of the British government are accustomed to the fact that they can act freely on the open seas. It is now obvious that the only states which can hope to deter such pretensions are those with the validity offered by possessing a fleet that England respects. All games with big words have no practical value and thus the only proper *raison d'être* to be learned from this incident is strengthening the fleet in the form of legal commitments for a "giant step" which we feel compelled to take and carry out as quickly as possible.<sup>47</sup>

Tirpitz's program for an expanded German fleet was of course later shown to have been based on faulty premises (coastal blockade, risk theory, and enhanced German alliance potential) and took on a dangerous dynamic of its own with devastating consequences for German public finances, Anglo-German relations, and the strategic position of the Reich in Europe. The expanded navy was nevertheless supported enthusiastically by the German bourgeoisie, which saw in the showcase technology of the fleet a confirmation of progress, modernity, and Germany's equal status as a great power.<sup>48</sup> For liberals and moderate conservatives, the fleet had the additional appeal that it could be deployed as a deterrent and thus could be justified as a peace-preserving tool of power to assure freedom of the seas. Indeed, recent research has highlighted the very strong affinities between German and American "maritime militarism" in the years preceding the First World War.<sup>49</sup> As aspiring world powers challenging British maritime predominance, where the two countries truly diverged was that Germany's reliance on foreign trade was so much greater. What made Germany's naval militarism so much more dangerous was thus much less its premises or its brash manner, but rather Germany's location so near the British Isles.

## Farmers and Frontiers

As was made clear in Brentano's correspondence with Schmoller and from Schmoller's hopes for a German settler colony in Southern Brazil discussed earlier, by 1900, Germany's overseas colonies had become a major economic disappointment. It was true that many economists

still supported the colonial effort in the years before the war, notably during the colonial crisis years 1906–1907 sparked by native rebellions in German Southwest and East Africa and their brutal suppression by German troops.<sup>50</sup> One such example was the formation of the Kolonialpolitisches Aktionskomité by Schmoller and Max Sering in late 1906, which supported Chancellor Bernhard von Bülow and the new State Secretary of the Colonial Office Bernhard Dernburg's colonial reforms in the 1907 Reichstag election campaign.<sup>51</sup> Shortly before the First World War, the Verein für Sozialpolitik took up a comprehensive study of the European settler experience in tropical colonies and came to rather sobering conclusions which dashed any lingering hopes for an autonomous German settler colony in southern Brazil and elsewhere in the tropics.<sup>52</sup> By 1910, there were only 15,420 German settlers in German colonies, the majority (9283) in arid and inhospitable German Southwest Africa.<sup>53</sup> With the exception of tiny Togo, none of the German colonies could bear its own administrative costs, and all German colonies together accounted for only a tiny fraction of German trade.<sup>54</sup> Not even massive investments in colonial railways after 1907, a more professional colonial administration trained in the new Hamburg Colonial Institute (founded 1908), or modern development strategies such as systematic cotton cultivation in Togo and East Africa could change these basic facts.<sup>55</sup>

In assessing the German colonial endeavor, it is frequently overlooked that German expectations for settler colonies were often measured against westward expansion in the USA. With the growth of American agricultural exports to Germany in the early 1880s putting severe competitive pressure on German farming, Max Sering had been sent by the Prussian Ministry of Agriculture to investigate North American agricultural conditions, the Homestead Act, and westward settlement in 1883. In a remarkable letter written to Schmoller from a farm in Minnesota in July 1883, Sering wrote about his very positive impressions of the tidy settlements of this newly cultivated territory:

The week that I spent in St. Paul and Minneapolis is among my most pleasant travel memories. The Germans here are still aware of the advantages of their nationality and eager to preserve it. The main topic of

discussion is German instruction in primary school which the Americans sought to displace. I am convinced that German nationality cannot be maintained in this land for many generations, and as a result I have become, mainly for this reason, an enthusiastic supporter of the idea of German colonies. It is my most fervent desire to later visit South America, to study the sources about this land and to eventually bring German emigrants to these territories where a dying European population resides who are of no threat to the unique qualities of our compatriots. I am ever more convinced that we do have many advantages over the Yankee and that it is a shame if our compatriots, forced by the external circumstances of making a living, are compelled to assimilate and subordinate themselves to him. All of the great economic and psychological processes which a wide and untapped territory offers a nation would become ours through colonies, [and] much damage to our national life would be healed.<sup>56</sup>

Like so many other German liberals going back to the Revolutions of 1848 and earlier, Sering was animated by the role that settler communities had allegedly played in the USA and white British settler colonies in preventing political radicalism and in securing a liberal constitutional political order, a future he hoped to reproduce for Germany.<sup>57</sup> Frederick Jackson Turner would himself later accurately quip: “American colonization has become the mother of German colonial policy.”<sup>58</sup>

The work that Sering eventually completed on North American farming in the years after his return established him as the leading authority on American agriculture and the Homestead Act,<sup>59</sup> yet remarkably and very tellingly, soon after his return to Germany, Sering devoted his efforts in focusing German colonization not in Brazil but in internal colonization of the Prussian East, which he began to conceive as an eastern frontier invested with much of the Jeffersonian promise and the contiguous advantages of the American West. It was hoped that land-hungry German peasants could thus be retained for Germany rather than be lost to the inexorable “Yankee” assimilationist pressures; in the east, they would also shore up “Germandom” against the demographically expanding Prussian Poles and Russian Polish migrants.

This colonization activity first took on practical form through the initiative of the Bromberg Government President Christoph von

Tiedemann, who helped establish the Royal Prussian Settlement Commission in 1886.<sup>60</sup> After 1894, Sering was also active in the Land Economy Collegium in developing the laws and statutes governing *Rentengüter*, the homestead parcels created by dividing large defunct grain estates in the predominantly Polish-speaking parts of Prussia. Yet this work, too, brought Sering many disappointments due to the very modest resources the Prussian state devoted to it and the many legal hurdles that prevented parceling these lands, such as entail. By comparison to the massive expansion of small- and medium-sized farm holdings in the USA, the British Empire, Russia as well as the much more active cultivation of small and medium peasant holdings in Scandinavia by 1912, the German efforts were a clear disappointment.<sup>61</sup> Sering thus co-founded the Society for Fostering Inner Colonization in 1912 in order to spread greater awareness in the German public about the opportunities offered by a more expansively funded and executed policy.

More promising avenues then opened up during the war, when Sering served as an expert advisor to the German Foreign Office to study the conquered eastern territories of Lithuania and Courland. Here plans were afoot to nationalize Russian noble estates and to parcel out these lands to western German farmers and some of the two million uprooted ethnic German peasants of Tsarist Russia in a new area that Sering and others came to call “Neu-Ostland” (New Eastland) and “Neu-Deutschland” (New Germany)<sup>62</sup> It is thus striking how visions for the German and European East as an area of colonial activity were shaped quite directly by a desire to emulate North American conditions. This “colonial gaze” eastward would take on even greater importance with the formal loss of Germany’s overseas colonies in 1919.

## Hamilton, List and the Heritage of “Whig” Political Economy

The transnational and comparative perspective of German *Weltpolitik* before the First World War emerging from the discussion so far questions a German “Neomercantilist” special path. This is supported further with a glance at average tariff rates. By comparison with the other

continental European states such as Austria-Hungary, France, Italy, Russia, Spain, or Sweden, Germany's import tariffs on industrial products were low, and in comparison with the protectionism of the other two rising economic powers of the time—the USA and Japan—the British Dominions (Australia, Canada, and New Zealand) and Latin America, Germany almost appears as a free-trading outlier.<sup>63</sup> This free trade nevertheless relied upon the power politics and naval hegemony of the British Empire—that is, a sovereign economic order—whose reality, while often taken for granted, could be felt very immediately in case of tensions or war, as shown during the Boer War.

The involvement of the USA and Germany in tensions with the British Empire was a direct result of the rapid industrialization of these two countries, which clearly also generated its share of tensions between the USA and Germany. At its core, the big economic question facing Germany before 1914 was how, with its modern, export-oriented industry and growing population, it could continue to grow against a rising tide of protectionism abroad and without the convenience of productive overseas or contiguous territories of the kind enjoyed by Britain and the USA. This perspective was shaped by yet another area of German-American entanglement, namely in political economy. German and American economic thinkers of the nineteenth century shared a critique of classical political economy that was less a rejection of its assumptions and methods than a rejection of British imperial economic policy, policies often justified with the aid of classical political economy.

Alexander Hamilton was one of the first to subject the British colonial division of labor to a systematic, empirical critique in his brilliant and far-sighted "Report of the Subject of Manufactures" of 1791, which would later be popularized by Daniel Raymond and Henry Clay and others into the program of the "American System." In his report, Hamilton relied on the insights of Adam Smith and David Hume in order to question the logic of the imperial division of labor of the Atlantic world in which the former British North American colonies had been born and integrated, a division of labor in which classical political economy only foresaw an agricultural future for the new republic. In doing so, Hamilton questioned Adam Smith's Physiocratic privileging of agriculture particularly sharply, though his most pointed barbs

were clearly aimed at his Democratic-Republican opponents in the southern states, above all Thomas Jefferson and James Madison, who had been very strongly influenced by François Quesnay:

It has been maintained, that Agriculture is, not only, the most productive, but the only productive species of industry. The reality of this suggestion in either aspect, has, however, not been verified by any accurate detail of facts and calculations, and the general arguments, which are adduced to prove it, are rather subtil and paradoxical, than solid or convincing.<sup>64</sup>

Hamilton then enumerated the many ways in which non-agricultural industry made positive contributions to the national product and income:

1. The division of labor.
2. An extension of the use of Machinery.
3. Additional employment to classes of the community not ordinarily engaged in the business.
4. The promotion of emigration from foreign Countries.
5. The furnishing greater scope for the diversity of talents and dispositions which discriminate men from each other.
6. The affording a more ample and various field of enterprise.
7. The creating in some instances a new, and securing in all, a more certain and steady demand for the surplus produce of the soil.<sup>65</sup>

Hamilton praised as an example the development of the cotton industry in England, which by apply machinery to a high degree increased the natural productivity of labor to an even higher degree than was possible in agriculture.<sup>66</sup> Later in his report, Hamilton noted that those European states with simultaneously flourishing industry and agriculture achieved higher levels of welfare and a positive balance of trade as compared with purely agricultural states.<sup>67</sup> Some of the sharpest of Hamilton's insights and most relevant for the arguments of this essay were those that related to trade, notably the insight that the Smithian system was hardly reflected in the realities of European and British trade:

If the system of perfect liberty to industry and commerce were the prevailing system of nations—the arguments which dissuade a country in the predicament of the United States, from the zealous pursuits of manufactures would doubtless have great force. ... In such a state of things, each country would have the full benefit of its peculiar advantages to compensate for its deficiencies or disadvantages. If one nation were in condition to supply manufactured articles on better terms than another, that other might find an abundant indemnification in a superior capacity to furnish the produce of the soil... though the circumstances which have been mentioned and others... render it probable, that nations merely Agricultural would not enjoy the same degree of opulence, in proportion to their numbers, as those which united manufactures with agriculture. ...

But the system which has been mentioned, is far from characterizing the general policy of Nations. The prevalent one has been regulated by an opposite spirit.

The consequence of it is, that the United States are to a certain extent in a situation of a country precluded from foreign Commerce. They can indeed, without difficulty obtain from abroad the manufactured supplies, of which they are in want; but they experience numerous and very injurious impediments to the emission and vent of their own commodities. ... The regulations of several countries, with which we have the most extensive intercourse, throw serious obstructions in the way of the principle staples of the United States.

In such a position of things, the United States cannot exchange with Europe on equal terms; and the want of reciprocity would render them the victim of a system, which should induce them to confine their views to Agriculture and refrain from Manufactures.<sup>68</sup>

As is well known, for these very reasons Hamilton justified promoting domestic industry with the aid of protective tariffs. The consolidation and securitization of the national debt, the Bank of the USA (1791), investments to improve infrastructure, and good diplomatic relations with Great Britain were also part of the economic program of the first Treasury Secretary, which shaped the economic policy of the American

republic until 1837.<sup>69</sup> As the War of 1812 and the British Blockade of the years 1812–1814 would show, the sovereign economic and trade policy of the USA, despite efforts to cultivate good relations with Britain, was a challenge to the British Empire that threatened the viability of the Atlantic colonial division of labor upon which the empire had been built. Indeed, the war and blockade very nearly snuffed out the early USA, but because the republic could now arm and clothe itself having developed a more national economy, it prevailed without foreign assistance despite overwhelming British naval might.<sup>70</sup>

At root, what Hamilton had argued for and helped create was what Schmoller later dubbed “*Staats- und Volkswirtschaftsbildung*” (cultivating a state and national economy) and the German economist Walter Eucken later more accurately described as “*Gestaltung der Ordnungsformen der Wirtschaft*” (constructing the legal-constitutional order of an economy).<sup>71</sup> This is the act of legally defining both the spatial dimensions and legal and institutional foundations of the economy of a sovereign state. In the American case, the Civil War and Reconstruction Era saw the expansion of a federal state, which, if often less visible than European bureaucratic states, did not govern any less and became particularly active in the area of trade and commerce.<sup>72</sup>

Friedrich List’s *National System of Political Economy* of 1841 was influenced to an overwhelming degree by Alexander Hamilton and Daniel Raymond’s ideas during List’s many years in the USA—indeed, Keith Tribe is surely right in arguing that List’s piece is, in fact, an American economic tract, and not just because of List’s naturalization as a US citizen in 1830.<sup>73</sup> Despite List’s unsystematic journalistic style, the in part unjustified accusations leveled against Adam Smith, and his overheated anti-English polemics, his conclusions mesh with those of Hamilton and Raymond. At the annual conference of the German Economic Association in 1907, Gustav Schmoller honored his Swabian compatriot for having introduced German economists to stadial economic thinking, the National *Standort* (location) of the economy, as well as the productive power of political and economic institutions.<sup>74</sup> If this is true, German economists spoke with an American accent long before the twenty-first century. Put another way, very early on German political economy became part of an anti-imperial Atlantic World

which invented catch-up industrialization—the USA and Germany became the world's first two developing economies.

As is known to anyone with some familiarity with the history of economic thought, thinkers such as Hamilton, Raymond, and List, if they are treated at all, fit uncomfortably into the existing categories of thinking that define this field. The search for forebears to classical political economy has resulted in their neglect or pejorative classification as “Mercantilists” or “Nationalists.” Instead, much effort has gone into identifying and studying the influences on Adam Smith, and for that reason, much space has usually been given to the French Physiocrats, despite the fact that their various projects were almost without exception practical failures.

As Steve Pincus has reminded us recently, “Mercantilism” is a notorious term largely invented in the twentieth century to give artificial unity to a variety of economic thought and policy for which there was never clear consensus but which can be differentiated into two broader positions: Whig and Tory.<sup>75</sup> “Whig Mercantilism” drew from the writings and ideas of a number of English explorers, politicians, merchants, and writers including John Smith, Carew Reynell, Richard Blome, William Carter, John Lowther, John Cary, John Locke, Daniel Defoe, Roger Coke, Nicholas Barbon, and Henry Martin.<sup>76</sup> Measured by his contemporaneous influence on English economic policy and by the number of editions and translations of his writings, the Bristol merchant John Cary (born 1649) may have had the biggest impact on the economic thinking of Hamilton and List.<sup>77</sup> After his death, Cary became one of the most influential economic writers of the eighteenth and nineteenth centuries. His “Essay on the State of England in Relation to its Trade” (1695) was much appreciated by contemporaries such as John Locke, and his strong support of Parliament, domestic commercial freedom, modern state finance through the Bank of England, abolition of trading monopolies, and active promotion of textile manufacturing are very much part of the political economy of the Enlightenment.<sup>78</sup> What particularly stands out in Cary's thought is his early—indeed, revolutionary—appreciation of the advantages of the inventive spirit in the mechanization of many trades, which not only gave England competitive advantages but also increased its productivity and wages:

Manufacturers... may be carried on to Advantage, without running down the Labour of the Poor; ...Refiners of Sugars go through that operation by easier methods, and in less Time, than their Predecessors did: Thus the Distillers draw more Spirits from the Things they work on, than those formerly did who taught them the Art. The Glass-Maker hath found a quicker way of making it out of Things which cost him little. Silk stockings are wove; Tobacco is cut by Engines: Books are printed; Deal Boards are sawn with Mills; Lead is smelted by Wind-Furnaces; all of which save the Labour of many Hands, so the Wages of those employed need not be fallen. ...

New Projections are every Day set on Foot to render the making our Woolen Manufactures easy, which should be rendered cheaper by the Contrivance of the Manufacturers, not by falling the Price of Labour: Cheapness creates Expense, and gives fresh Employments, whereby the Poor will still be kept at Work.<sup>79</sup>

These passages have uncanny affinities with those of Alexander Hamilton quoted above. That said, Cary also advocated a ruthless trade policy with foreigners and the English colonies in order to secure the predominance of English-manufactured exports and the restriction of English imports to raw materials.<sup>80</sup> The 1699 trade treaty with Ireland, which reduced Irish exports to raw wool monopolized by England, as well as the two Calico Laws of 1701 and 1721, which banned Indian cotton fabrics but allowed the importation of raw cotton, leaned on Cary's ideas, just as did the export bounties that were passed for silk (1722), gunpowder (1731), sail cloth (1731), and sugar (1733) to strengthen English manufacturing.<sup>81</sup>

Cary's association with such active trade and industrial policy almost assured him future obscurity within the history of economic thought, written as it often has been by neoclassical economists who were prone to categorize ideas which they did not fully comprehend or agree with as "unenlightened" and therefore "Mercantilist."<sup>82</sup> Schumpeter would himself dismiss Cary's work as lacking any analytical value.<sup>83</sup> It has been no better in influential dictionaries of economics: While the first edition of the *Palgrave Dictionary of Economics* (1910) still contained a biographical entry for Cary, in the 1987 *New Palgrave* he had disappeared

without a trace.<sup>84</sup> Beyond the obvious glorification of free trade as a litmus test for what counts as economic thought, there are other reasons for these biases and the underestimation of “Mercantilism.” They are, in fact, the result of a curious blind spot that has been part of classical political economy since its inception.

In several very suggestive passages in his book *Location and Space-Economy* (1956), Walter Isard bemoaned the “spacelessness” of neoclassical economic theory, which he attributed to specific biases of classical economics that were the product of England’s unique geography and early colonial empire:

The classical school and their followers were too prone to overlook the local differences within the English economy. England’s dominant international position and the dynamic aspects of her industrial development further helped to cloud their vision. It was in international trade theory that the spatial structure of the domestic economy was most explicitly assumed away or relegated to the background.<sup>85</sup>

An important point to add here is that the “spaceless” economy conceived by classical political economy was also situated in a colonial world without rival sovereignties. After the publication of *The Wealth of Nations* (1776), the British national and colonial divisions of labor were such obvious “facts” that few if any English economic thinkers ever gave their creation any systematic thought. It is hardly coincidental that the economics of space and geography was left to Germans to invent (Heinrich von Thünen, Alfred Weber, and Wilhelm Launhardt), where a national division of labor was created by wars and treaties between rival sovereignties and by the legal and institutional framework of a new national state. By contrast, England’s island location, the woolen industry, the textile trade, and the enormous growth of London had turned England’s provinces into a London-oriented hinterland well before Adam Smith. Shortly after his death in 1790, the worldwide monopoly position of British manufacturing became yet another “fact” whose creation few English economists ever pondered other than to attribute to the same “natural” forces that had created a national and colonial division of labor. In the metropole-centered world of classical political economy, it was quite natural to measure general

welfare by consumption, while production and the role of merchants, entrepreneurs, traders, and the crown in creating and encouraging that production were neglected or ignored. Smith himself bears some responsibility for this blind spot and the dismissive attitudes toward “Mercantilism” it generated, *The Wealth of Nations* itself being something of a jeremiad against the “Mercantile System,” with little appreciation of its role in creating the very division of labor Smith became so famous for identifying.<sup>86</sup>

To make the previous points clearer, it is necessary to briefly touch upon another problem tied closely to the neglectful and dismissive treatment “Mercantilism” within the history of economic thought. This is the fact that British economic history has often been written with classical and neoclassical economic biases that have tended to stress “natural” endogenous economic development, political gradualism, a limited state, low taxes, and laissez-faire economic policies as keys to British prosperity and to attribute the Industrial Revolution to the ideas of the Enlightenment and classical political economy.<sup>87</sup>

It is today more commonly accepted that the 1688 Revolution was a genuinely violent event which ushered in profound political, institutional, and economic changes comparable in many ways to the French Revolution.<sup>88</sup> An unusually dynamic royal state emerged that became very active in economic and trade policy. The new liberal constitutional order enabled significantly higher taxes than in absolutist states such as France and Spain and the construction of an unrivaled navy.<sup>89</sup> The Bank of England was founded in 1694 to help finance this navy and shore up royal finances in war which enabled England to displace the Netherlands as the premier world trading power by 1700 and to prevail in four wars against France that led to seizure of much of the French overseas empire between 1702 and 1814.<sup>90</sup> As mentioned, between 1701 and 1733 numerous protective tariffs and export bounties were passed to encourage domestic manufacture which inadvertently and unexpectedly offered infant industry protection to domestic cotton spinning and calico production.<sup>91</sup> The later mechanization of cotton and iron production was itself a product of unusually high wages produced by the growth of London as a major colonial entrepôt and the early adoption of coal due to rapid population growth, urbanization, and deforestation.<sup>92</sup>

As early as 1784–1786, nearly 60% of British cotton exports went to the Americas, Africa, and Asia.<sup>93</sup> At the same time, import duties on colonial raw materials were abolished, just as metal and textile industries were prohibited in the colonies or hindered by prohibitive duties.<sup>94</sup> From this newer perspective, the British state, the Royal Navy, colonies, and the colonial division of labor played a decisive role in the development of capitalism and the Industrial Revolution in Britain.

Research over the last several years has also come to question the influence of classical political economy upon British economic policy in the nineteenth century. In reality, no clear break can be seen with “Whig Mercantilist” views after 1815, and many features of “Mercantilist” economic policy can be traced well into the nineteenth century.<sup>95</sup> In the 1820s, British protective tariffs on manufactured imports were by far the highest in Europe and on average even 10% higher than in the unusually protectionist USA.<sup>96</sup> The long list of naval conquests and blockades of the eighteenth century and Napoleonic era cannot be meaningfully differentiated from the two Opium Wars against China (1840–1842, 1856–1860), the blockade of Russia during the Crimean War (1854–1856), the blockades of Istanbul (1897) and Venezuela (1902–1903), or the violation of neutral harbors and shipping during the Boer War (1899–1902). Moreover, in the transition to free trade, the arguments of David Ricardo were of only very minor influence. Much more important instead were the widespread evangelical Christian views of the middle classes after the parliamentary reform of 1832, which tended to see in free trade the salvation of the nation.<sup>97</sup> One of the politicians most associated with free trade, President of the Board of Trade William Huskisson, was in the first instance motivated by the desire to secure Britain’s position as “workshop of the world” through bilateral trade agreements before other European states closed their markets; indeed, it was widely hoped that free trade would prevent the spread of industrial machinery abroad and assure the continuation of British trade and naval supremacy.<sup>98</sup> It was not until 1849 and 1854 that the last provisions of the Navigation Acts were abolished, and it is a fact that Britain still had higher average tariffs than France until the end of the 1870s.<sup>99</sup> Yet even this relatively late free trade came to be questioned in the 1890s with rising competition from the USA

and Germany, as well as growing protectionism in the USA and British Dominions. Britain re-imposed protective tariffs in 1915 and introduced an imperial customs union in 1932. The era of British free trade thus lasted only some 40 years. If there was ever a “Neomercantilist” special path, it may well have been British.

From this perspective, it is easy to see Hamilton, Raymond, and List’s ideas as a continuation of the “Whig” strand of seventeenth-century English political economy in a non-colonial setting. This developed in the late eighteenth and early nineteenth century into a transatlantic critique not only of the colonial and neocolonial division of labor of the British Empire, but also of classical political economy’s neglect of sovereignty, economic policy, industrial production, and the economics of space. Seen this way, the difficulties reconciling the two countries with British naval hegemony in the late nineteenth and early twentieth century make much more sense. This may also serve to better explain the striking similarities between American and German naval militarism before the First World War, American protectionism, and, conversely, Germany’s quest for its own settler colonies and desire for access to international trade without the looming threat of Royal Navy seizures or blockade.

## Conclusion

The transnational perspective of German *Weltpolitik* before the First World War has highlighted the entanglement of Germany and the USA linked fundamentally to the anti-imperial logic of both the German and American projects of sovereign political consolidation and economic development. The USA and Germany were the two most successful projects of emulative industrialization in the nineteenth century. This had many causes, but breaking with Britain’s formal and informal colonial division of labor was an important enabling step in that direction. It was no coincidence that this anti-imperial logic was articulated in a common line of economic discourse that can be traced to List and Hamilton but which had much deeper roots in English Whig political economy of the seventeenth and eighteenth centuries, revolutionary

ideas that transformed England into the leading economic power of the time. These ideas, mediated by American thinkers, became part of the consensus of German political economy which had a subtle but persistent influence on the development of German *Weltpolitik*. This cannot be meaningfully disentangled from the fact that the USA was also one of the most important points of reference in the development of German colonial and naval policy before the First World War. The examples of Ernst Levy von Halle and Max Sering revealed that German navalism and settler colonialism had many American features or were direct responses to American developments.

The comparisons with the USA also suggest that it was not Germany's "Neomercantilist" *Sonderweg* but rather its European geography, its demographic growth, and its heavy reliance upon trade that drove prewar tensions and ultimately gave German *Weltpolitik* its dangerous contours. There is no doubt that Germany's clumsy prewar diplomacy sharpened those contours and later played a fateful role in escalating the July 1914 crisis. The spread of industrialization and the globalization of trade before 1914 did not alone cause the First World War, but they created trade frictions and protectionism which reinforced the logic of blue water navies with the capacity to threaten blockade. Those frictions and demographic growth, in turn, reinforced the logic of contiguous or overseas settler colonies. The Great War itself validated this logic: The Entente powers, and in particular Britain, prevailed because of massive deliveries of foodstuffs, raw materials, war materiel, and soldiers from the formal and informal colonies. And successful British naval blockade of the Channel and North Sea in the last 2 years of the war was critically important to the collapse of the Central Powers in November 1918.

Beyond a more differentiated and nuanced understanding of German imperialism, this essay may also offer some insights into contemporary relevance. As Ha-Joon Chang has argued in his critical analysis of economic development strategies, historical amnesia about the path of economic development of industrialized countries has shaped the current discussion over optimal development strategies and policy.<sup>100</sup> Developing countries are today being put under enormous pressure by developed countries and such bodies as the World Bank, the IMF,

and the WTO to eschew active industrial, trade and technology policy, to respect intellectual property rights, and to pursue restrictive fiscal and monetary policies which allegedly represent “best practice” drawn from the lessons of history but which not a single successful industrializer ever practiced in the course of its economic development. The parallels between these development strategies and the colonial division of labor envisioned by the Whig imperialists of eighteenth-century England, the free trade imperialists of nineteenth-century Britain, and the Washington consensus today are suggestive, just as are the parallels between the relationship of Britain and Germany in the early twentieth century and the USA and China today. Whether the current wave of globalization and the movement of the world’s economic center of gravity eastward will be any less violent than it was 100 years ago can only be hoped. As before 1914, it is doubtful that globalization will make conflict any less likely because it is invariably bound up with questions of rival sovereignty and defining the rules of international order that economic integration alone cannot answer.

## Notes

1. Fritz Fischer, *Germany’s Aims in the First World War*. With an introduction by Hajo Holborn and James Joll (New York: Norton, 1967).
2. See here Hans-Ulrich Wehler, *Deutsche Gesellschaftsgeschichte*, vol. 3 (Munich: C.H. Beck, 1995).
3. *Ibid.*, 1109–52.
4. Joseph Schumpeter, “Zur Soziologie der Imperialismen,” *Archiv für Sozialwissenschaft und Sozialpolitik* 46 (1918–1919): 1–39, 275–310.
5. Karl Helfferich, *Der Weltkrieg*, 3 vols. (Berlin: Ullstein, 1919).
6. *Ibid.*, vol. 1: Die Vorgeschichte des Krieges, 37.
7. *Ibid.*, 37.
8. See for example Karl Helfferich, *Das Geld im russisch-japanischen Krieg: Ein Finanzpolitischer Beitrag zur Zeitgeschichte* (Berlin: Mittler, 1906); Max Sering, *Die landwirtschaftliche Konkurrenz Nordamerikas in Gegenwart und Zukunft: Landwirtschaft, Kolonisation und Verkehrswesen in den Vereinigten Staaten und in Britisch-Nordamerika. Auf Grund von Reisen und Studien* (Leipzig: Duncker & Humblot, 1887); Hermann Schumacher,

- Die Chinesischen Vertragshäfen, ihre Wirtschaftliche Stellung und Bedeutung* (Jena: Fischer, 1899); Ernst von Halle, *Baumwollproduktion und Pflanzungswirtschaft in den Nordamerikanischen Südstaaten*, Staats- und Socialwissenschaftliche Forschungen vol. 15 [1897] and 26 [1906] (Leipzig: Duncker & Humblot, 1897–1906).
9. Karl Rathgen, *Japans Volkswirtschaft und Staatshaushalt* (Leipzig: Duncker & Humblot, 1891).
  10. See here Rolf Hobson, *Imperialism at Sea: Naval Strategic Thought, the Ideology of Sea Power, and the Tirpitz Plan, 1875–1914* (Boston: Humanities Press, 2002); Patrick J. Kelly, *Tirpitz and the Imperial German Navy* (Bloomington and Indianapolis, IN: Indiana University Press, 2011); and Dirk Bönker, *Militarism in a Global Age. Naval Ambitions in Germany and the United States before World War I* (Ithaca and London: Cornell University Press, 2012); cf. Volker Berghahn, *Der Tirpitz-Plan: Genesis und Verfall einer innenpolitischen Krisenstrategie unter Wilhelm II* (Düsseldorf: Droste, 1971).
  11. Wilhelm von Karforff, confidant of Bismarck, estate owner, and cofounder of the Free Conservative Party (Deutsche Reichspartei). Kardorff was influenced in his protectionism by the American economist Henry Charles Carey and was an early supporter of a German system of protective tariffs. His influence on Bismarck can be seen in the protective tariffs passed in 1879.
  12. Prince Chlodwig von Hohenlohe-Schillingfürst, German Chancellor 1894–1900.
  13. Bundesarchiv N 253 NI Alfred Tirpitz, Nr. 40, Bl. 154–155, Schmoller to Tirpitz, Berlin, July 29, 1897.
  14. Dingley Act of 1897, the highest and longest-lived American protective tariff which amounted to 52% on average.
  15. Geheimes Staatsarchiv Preußischer Kulturbesitz [GStA PK], VI. HA NI Schmoller, Nr. 114, Bl. 275–276, Brentano to Schmoller, Munich, July 27, 1897.
  16. Wolfgang Marienfeld, “Wissenschaft und Schlachtflottenbau in Deutschland 1897–1906,” *Marine Rundschau* Beiheft 2 (April 1957): 109–15. The claim that economists and other scholars became engaged for the fleet because they were cleverly manipulated by the Navy Office is a distortion. See here Erik Grimmer-Solem, “Imperialist Socialism of the Chair. Gustav Schmoller and German Weltpolitik, 1897–1905,” in *Wilhelminism and Its Legacies: Crisis,*

- Continuity, and the Meanings of Reform in Germany, 1890–1930*, ed. Geoff Eley and James Retallack (New York and Oxford: Berghahn, 2003), 106–21; and Guenther Roth, “Der politische Kontext von Max Webers Beiträge über die deutsche Wirtschaft in der *Encyclopedia Americana*,” *Zeitschrift für Soziologie* 36 (February 2007): 65–77.
17. Gustav Schmoller, “Die wirtschaftliche Zukunft Deutschlands und die Flottenvorlage,” in *Zwanzig Jahre Deutscher Politik (1897–1917). Aufsätze und Vorträge*, ed. Lucie Schmoller (Munich and Leipzig: Duncker & Humblot, 1920), 1–20.
  18. *Ibid.*, 3.
  19. *Ibid.*, 3–9.
  20. *Ibid.*, 19.
  21. *Ibid.*, 10–13.
  22. *Ibid.*
  23. *Ibid.*, 14.
  24. *Ibid.*, 18.
  25. *Ibid.*, 15, 19.
  26. See, for example, Alexander Schmidt, *Reisen in die Moderne: Der Amerika-Diskurs des deutschen Bürgertums vor dem Ersten Weltkrieg im europäischen Vergleich* (Berlin: Akademie Verlag, 1997); Daniel T. Rodgers, *Atlantic Crossings: Social Politics in a Progressive Age* (Cambridge, MA: Belknap Press of Harvard University Press, 1998); Frank Trommler and Elliot Shore, *The German-American Encounter: Conflict and Cooperation Between Two Cultures, 1800–2000* (New York: Berghahn, 2001); Sebastian Conrad and Jürgen Osterhammel, eds., *Das Kaiserreich Transnational: Deutschland in der Welt 1871–1914* (Göttingen: Vandenhoeck & Ruprecht, 2004); Christof Mauch and Kiran Patel, eds., *Wettlauf um die Moderne: Die USA und Deutschland 1890 bis heute* (Munich: Pantheon, 2008).
  27. See here among others Andrew Zimmerman, *Alabama in Africa: Booker T. Washington, the German Empire, and the Globalization of the New South* (Princeton: Princeton University Press, 2010); Bönker, *Militarism in a Global Age*; and Jens Uwe Guettel, *German Expansionism, Liberal Imperialism, and the United States, 1776–1945* (Cambridge: Cambridge University Press, 2012).
  28. Ernst von Halle, *Trusts or Industrial Combinations and Coalitions in the United States* (New York: Macmillan, 1899 [1895]), xiii.

29. GStA PK VI HA, Nl. Schmoller, Nr. 126, Bl. 15–26, von Halle to Schmoller, Savannah, Georgia, October 22, 1894; Ernst von Halle, *Reisebriefe aus West Indien und Venezuela* (Hamburg: A.G. “Neue Börsen-Halle,” 1896).
30. von Halle, *Baumwollproduktion und Pflanzungswirtschaft*.
31. Ernst von Halle, “Das Interesse Deutschlands an der amerikanischen Präsidentenwahl des Jahres 1896,” *Jahrbuch für Gesetzgebung, Verwaltung und Volkswirtschaft in Deutschen Reiche* 20 (1896): 1353–86.
32. Von Halle was himself convinced that most of Britain’s claims were valid, making the British retreat all the more out of character. See von Halle, *Reisebriefe*, 93.
33. Idem, “Das Interesse Deutschlands,” 1359–61, 1371–73.
34. *Ibid.*, 1373–74.
35. *Ibid.*, 1380–81.
36. *Ibid.*, 1382–83.
37. See James R. Holmes, “Mahan, a ‘Place in the Sun’ and Germany’s Quest for Sea Power,” *Comparative Strategy* 23 (2004): 27–61.
38. Ernst von Halle, *Die Blockade der nordamerikanischen Südstaaten* (Berlin: Mittler, 1900), 34.
39. See here Wilhelm Deist, *Flottenpolitik und Flottenpropaganda: Das Nachrichtenbureau des Reichsmarineamtes 1897–1914* (Stuttgart: Deutsche Verlagsanstalt, 1976).
40. Heiko Herold, *Reichsgewalt bedeutet Seegewalt: Die Kreuzergeschwader der Kaiserlichen Marine als Instrument der deutschen Kolonial- und Weltpolitik, 1895–1901* (Munich: Oldenbourg Verlag, 2013), 302–13.
41. *Ibid.*, 314–15, 317.
42. *Ibid.*, 321–22.
43. Ernst von Halle, “Die Bedeutung des nordamerikanischen Imperialismus [1901],” in *Volks- und Seewirtschaft: Reden und Aufsätze* (Berlin: Mittler, 1902), 183.
44. Avner Offer, *The First World War. An Agrarian Interpretation* (Oxford: Oxford University Press 1989), 270–99.
45. See here “Aufbringung eines deutschen Dampfers in Südafrika,” *Münchener Neueste Nachrichten*, December 30, 1899; “Die Affäre Bundesrath,” *Berliner Tageblatt*, January 3, 1900; and “Die Beschlagnahme deutscher Schiffe durch Engländer,” *Berliner Lokal-Anzeiger*, January 3, 1900.

46. Lance Davis und Stanley Engerman, *Naval Blockades in Peace and War. An Economic History Since 1750* (Cambridge: Cambridge University Press, 2006), 13.
47. "Deutsches Reich: Eine bittere Lehre," *Allgemeine Zeitung*, January 3, 1900.
48. Jan Rieger, *The Great Naval Game. Britain and Germany in the Age of Empire* (Cambridge: Cambridge University Press, 2007), 50–92.
49. Bönker, *Militarism in a Global Age*, 23–46.
50. On the genocidal colonial war in German Southwest Africa, see Isabel V. Hull, *Absolute Destruction: Military Culture and the Practices of War in Imperial Germany* (Ithaca and London: Cornell University Press, 2005), 7–90.
51. Schmoller, Dernburg, Delbrück, Schäfer, Sering, Schillings, Brunner, Jastrow, Penck, *Kahl über Reichstagsauflösung und Kolonialpolitik: Offizieller stenographischer Bericht über die Versammlung in der Berliner Hochschule für Musik am 8. Januar 1907*, ed. Kolonialpolitischen Aktionskomité (Berlin: Wedekind, 1907); Erik Grimmer-Solem, "The Professors' Africa: Economists, the Elections of 1907, and the Legitimation of German Imperialism," *German History* 25 (2007): 312–47.
52. Ständiger Ausschuss des Vereins für Sozialpolitik, "Die Ansiedlung von Europäern in den Tropen," *Schriften des Vereins für Sozialpolitik* 147 (1912–1915). This study was published in five parts: (1) Deutsch-Ostafrika unter Berücksichtigung Britisch-Ostafrika und Nyassalands (1912); (2) Mittelamerika, Klein Antillen, Niederländisch-West und Ostindien (1912); (3) Natal, Rhodesien, Britisch-Ostafrika (1913); (4) Britisch-Kaffraria und seinen deutschen Siedlungen (1914); and (5) Die deutschen Kolonisten im brasilianischen Staate Espirito Santo (1915).
53. *Statistisches Jahrbuch für das Deutsche Reich, 1910*, ed. Kaiserliches Statistisches Amt (Berlin: Puttkammer & Mühlbrecht, 1911), 396.
54. See here Horst Gründer, *Geschichte der deutschen Kolonien*, 5th ed. (Paderborn: Schöningh, 2004). Even the most productive colony, Southwest Africa, generated exports worth only 70 Million Marks in 1913, the lion's shares from diamonds and copper. *Ibid.*, 126.
55. On the Hamburg Kolonialinstitut, see Jens Ruppenthal, *Kolonialismus als "Wissenschaft und Technik": Das Hamburgische Kolonialinstitut 1908 bis 1919* (Stuttgart: Steiner, 2007). On German cotton cultivation initiatives in East Africa and Togo, see Thaddeus Sunseri,

- “The Baumwollfrage: Cotton Colonialism in German East Africa,” *Central European History* 34, no. 1 (2001): 31–51; and Sven Beckert, “From Tuskegee to Togo: The Problem of Freedom in the Empire of Cotton,” *The Journal of American History* 92, no. 2 (September 2005): 498–526.
56. GStA PK, VI. HA NI Schmoller, Nr. 141, Bl. 185–192, Max Sering to Gustav Schmoller, Ramsey’s Farm near Warren, Minnesota, July 16, 1883.
57. See especially Guettel, *German Expansionism*, 126–7.
58. Quoted in *ibid.*, 2.
59. Max Sering, “Die Landpolitik der Vereinigten Staaten von Nordamerika,” *Jahrbuch für Gesetzgebung, Verwaltung und Volkswirtschaft im Deutschen Reiche* 8 (1884): 441–95; *idem*, *Die landwirtschaftliche Konkurrenz Nordamerikas in Gegenwart und Zukunft: Landwirtschaft, Kolonisation und Verkehrswesen in den Vereinigten Staaten und in Britisch-Nordamerika. Auf Grund von Reisen und Studien* (Leipzig: Duncker & Humblot, 1887).
60. See Robert L. Nelson, “From Manitoba to Memel. Max Sering, Inner Colonization and the German East,” *Social History* 35, no. 4 (November 2010): 439–57.
61. Max Sering, *Verhandlungen des Landes-Oekonomie-Kollegiums am 9. Februar 1912 über die Politik der Grundbesitzverteilung in den grossen Reichen* (Berlin: Paul Parey, 1912).
62. *Idem*, ed., *Westrussland in seiner Bedeutung für die Entwicklung Mitteleuropas* (Leipzig and Berlin: B.G. Teubner 1917), xxix–xxx.
63. Donald Findlay and Kevin O’Rourke, *Power and Plenty: Trade, War and the World Economy in the Second Millenium* (Princeton and Oxford: Princeton University Press, 2007), 403. In 1913, average ad valorem tariffs on imported manufactured goods were 20% in France, 40% in Spain, 25–30% in Japan, 26% in Canada, 44% in USA, 28% in Argentina, 50–70% in Brazil, and 40–50% in Mexico. They were only 13% in Germany.
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65. *Ibid.*, 659.
66. *Ibid.*, 660–61.
67. *Ibid.*, 689–90.
68. *Ibid.*, 668.

69. See here Songho Ha, *The Rise and Fall of the American System: Nationalism and the Development of the American Economy, 1790–1837* (London: Pickering & Chatto, 2009); John Lauritz Larson, *Internal Improvement: National Public Works and the Promise of Popular Government in the Early United States* (Chapel Hill and London: University of North Carolina Press, 2001); and John R. Nelson, Jr., *Liberty and Property: Political Economy and Policymaking in the New Nation, 1789–1812* (Baltimore and London: Johns Hopkins University Press, 1987).
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