Peter Liberman, Does Conquest Pay? The Exploitation of Occupied Industrial Societies (Princeton, N.J.: Princeton University Press, 1996. Pp. xi + 250. 4 figs. 26 tabs. £25)

This book is an impressive example of what may be achieved in comparative, interdisciplinary history using modern techniques of analysis and measurement. Liberman's interest stems from an international relations perspective on the causes and consequences of twentieth-century warfare. He argues that conquest of industrialized societies may be made to pay and has often done so in the past. Thus he discounts the liberal argument that economic development has made production more profitable than colonial expansionism, and that empires are inevitably net liabilities.

Military occupation stimulates national resistance. In the liberal view, the nationalism of the occupied people was normally sufficient to prevent the realization of an economic advantage by the occupiers; the occupied territory turned instead into a "quagmire" in which schemes for imperial profit sank without trace. "Quagmire theorists" argued that the returns to occupation diminished with the rising propensity to modern nationalism and strength of civil society associated with the development level of the territory occupied. Liberman's research suggests that this is wrong. The higher the development level of the occupied territory, the more extensive were the possibilities of economic coercion and levers of repression available to the occupiers, and the more cogent were the motives for the occupied people to collaborate. All that was required on the part of the occupation authority was the ruthlessness of political will to carry exploitation through.

Liberman argues this case with the help of various case studies—the German occupation regimes in western Europe in two world wars, the French occupation of the German Ruhr and Rhineland in 1923-4, the Japanese empire before 1945, and the Soviet sphere after 1945. He shows that conquest failed to pay when geopolitical calculations outweighed the value of an economic pay-off, or when the occupier's will was deficient, or when the development level of the occupied territory was too low, or when the time horizon was too short to allow the developmental strategy of the occupier to pay off. In all other circumstances, colonies were assets, not liabilities, and the national resistance of the occupied people was ineffective.

Liberman connects the idea of a colony as an asset with the notion of "cumulativity" of industrialized economies (or their additiveness, in the sense that "the economies of captured nations can be added to a conqueror's total economic base"). If captured resources can be extracted at the same rate as the native resources of the conqueror are mobilized, then cumulativity is 100 per cent. If the rate of exploitation of conquered resources is half that of native resources, then cumulativity is still present, but discounted by 50 per cent. Provided the necessary conditions were met, Liberman concludes from his case studies, "Counting a vassal as worth economically half of a committed ally would seem a conservative estimate of the profitability of conquest."

The book mounts a spirited case, drawing upon a wide range of analytical and data reference. Comparative history of this kind requires the researcher to draw on deep background knowledge of the histories and institutions of several great powers, along with their dozens of colonies and dominions, as well as skills in two or three distinct academic disciplines. Liberman presents his brief with notable panache, leaving this reviewer persuaded by his core argument. This book deserves wide recognition and will certainly find its way on to undergraduate reading lists in history and economic history. At the same time it is not the last word, and should stimulate more postgraduate research on the long-run economics of empires.

Liberman uses his results to consider conditions which give rise to wars of colonial expansionism. He emphasizes that, if conquest does pay, such wars cannot be seen as a thing of the past. They are more likely, the stronger are the global tendencies to protectionism and autarky, which lower the opportunity cost of additional trade diversion faced by a single country tempted by expansionism. Therefore, this book also supports the traditional liberal case for war- avoidance through global economic integration. However, the returns to integration reaped by national economies may be offset by uncoordinated contractionary policies in states tied together through trade. Therefore, to the liberal argument might be added a Keynesian case for war avoidance through internationally coordinated demand expansion.

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