

“Strictly Non-Committal”:
Commonwealth Economic Cooperation and the Great Depression
by
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A thesis
presented to the University of Waterloo
in fulfilment of the
thesis requirement for the degree of
Master of Arts
in
History

Waterloo, Ontario, Canada, 2015

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Author's Declaration

I hereby declare that I am the sole author of this thesis. This is a true copy of the thesis, including any required final revisions, as accepted by my examiners.

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Abstract

This thesis explores the effects of the Great Depression on the nascent British Commonwealth, with particular emphasis on whether economic crisis fostered cooperation or division among member states. In doing so, this project resituates our conceptions of the early Commonwealth from a purely imperial understanding, to one which considers the Commonwealth as a predecessor to modern supranational organisations. Ultimately, the Depression exacerbated divisive trends within the Commonwealth, but lingering imperial economic and political structures resulted in somewhat begrudging cooperation and coordination in response to the crisis. The self-interest of individual states in response to economic crisis, and the role of structures in fostering cooperation within supranational organisations are promising areas for further research regarding both the early Commonwealth, and the operation of more contemporary supranational organisations.

Acknowledgements

I would first like to express my gratitude to my supervisor, Dr. Dan Gorman, for his guidance through this project. His patience and advice greatly helped me to narrow and shape this project to a feasible scope, all the while giving me the flexibility to explore the broader questions in which I am interested.

I would also like to thank the faculty and staff of the Waterloo History Department more generally. They have challenged me with new ideas and approaches and have been accessible and accommodating to my questions throughout the year. I am grateful for the part they have played in my time at Waterloo.

This section would be incomplete without recognising my friends and colleagues in both the History M.A. and PhD programmes, especially those of the master's cohort with whom I spent so many hours working in our office space. I value your support, discussions, and humour throughout the year, and am proud to call you friends.

Finally, I would like to thank my family and friends outside of university, particularly for their patience with my disappearances throughout the year. Their encouragement and understanding is truly appreciated, and has been a reassuring constant over the course of the programme.

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Introduction

1. Preface

In the past ten years, globalisation and economic crisis have been prevalent themes in the Western media. Yet these themes are not new, and their roots arguably extend into a wider history of European empires. Since the seventeenth-century in what has been described as “proto-globalisation,” these empires helped create the global economic networks of today, as well as the foundations of the ever-larger multi-national organisations which govern them.¹ Engaging with these roots in the transitional context of the twentieth-century, the purpose of this paper is to explore the impact of large scale economic crisis on supranational organisations. More specifically, this paper will consider the impact of the Great Depression on the British Empire as it began to transition from Empire to Commonwealth during the interwar period. This inquiry will explore whether economic crisis drove the self-governing Dominions of the Commonwealth together in cooperation, or apart in self interest.

At first regard, the Depression did foster cooperation between Britain and the Dominions. In the worst years of economic downturn from 1930 to 1932, imperial preferential tariffs and economic coordination were created and expanded on an unprecedented scale, culminating with the Ottawa Agreements in 1932. The result was increased trade within the emerging Commonwealth and in the British Empire more generally.² Yet the initiatives of the Ottawa Conference were not new, many of them having been periodically considered since the nineteenth-century. In most cases preferential tariffs were extended unilaterally by the

¹ Linda Colley coined the term “proto-globalisation” in reference to the 18th century British Empire in: *The Ordeal of Elizabeth Marsh: A Woman in World History* (New York: Knopf, 2009).

² From 1933 to 1938 trade between the United Kingdom and the Empire grew 7.9 percent, and intra-imperial trade 9.3 percent. Forrest Capie, *Depression and Protectionism: Britain Between the Wars* (London: George Allen & Unwin, 1983), 20.

Dominions to Britain, with some partial reciprocation implemented during the First World War. Some further limited preferences were offered by Britain in the wake of the conflict, although these were generally not new, but extensions of strategically motivated wartime preferences.³ Consequently, from a long-term perspective, the initiatives and cooperation of the Ottawa Conference represent a shift in British policy toward the Empire, from limited preferences and economic cooperation, to a more comprehensive imperial economic system. The Ottawa Conference also represents a shift in Dominion responses to those policies, as they became increasingly independent within the emerging structure of the Commonwealth.

The impact of economic conditions plays a significant role in the context of these policy shifts, but these economic factors are bound up in the political and social actions which provide an ever-present contextual background in history. Some economic circumstances however, are more influential depending on the scope of historical analysis. For example, while a temporary market fluctuation may have impacts for an individual family; smaller fluctuations would not have the same effect on countries or supranational organisations. While recognising the importance of political and social factors in governmental decisions during the interwar period, this paper will focus on British economic policy. It would be naive to assert that British statesmen were ignorant of the interplay of economic, political and social factors, and the evidence suggests that they tried to balance these areas of influence to align with party mandates and ideals. However, any work that attempts to consider the interplay of all of these factors would be necessarily broader than the scope of this project. As such, while recognising that the

³ *Imperial War Conference 1917: Minutes and Proceedings and Papers Laid Before the Conference, March 1917-July 1918*, (London: Great Britain Public Records Office, 1918), 96, 114. University of Waterloo Microfilm UK1 PR 18/51., Finance Act 1919., Philip Murphy also argues that interwar cooperation was an abortive attempt to form the Empire into a cohesive military power. See: Philip Murphy, "Britain as a Global Power in the Twentieth Century," in *Britain's Experience of Empire in the Twentieth Century*, ed. Andrew Thompson (Oxford: Oxford University Press, 2012), 40-41.

British and Dominion governments did consider these multiple factors, this paper will focus chiefly on economic policy in the interwar period and will frame that analysis within the existing historiography that considers political and social factors in addition to economics.

2. Definition of Terms

Much of the literature on the interwar Empire stresses the ongoing economic difficulties of Britain throughout the interwar period and thus styles the Depression as a successive phase in a wider period of economic distress. While this approach recognises the importance of the Depression as a more serious phase of economic distress, it generally denies the Depression the infamy it is given by historians studying other countries or regions such as the Americas or continental Europe. The understatement of the Depression by some imperial scholars is at first consideration a reasonably sound position, as between the World Wars Britain did experience continual economic strife. Furthermore, as the mother country of the Empire, British imperial policy was developed in the context of those economic troubles. Yet if one considers the economic state of the Dominions or other parts of the Empire in the 1920s, the economic woes experienced in Britain were not a common imperial experience, as economic conditions varied throughout the Empire. Consequently, in light of both the British policy shift precipitated by the Depression, and the varied economic experiences of the Dominions, for the purposes of this paper the Depression will be considered as an individual event, rather than a phase in a wider period of British economic woes.

For the purpose of clarity the terms with which the diverse political structures of the Empire are engaged must also be defined. As a standard basis of reference, the terms “British Empire” or “the Empire” refer to the whole of the Empire including the United Kingdom, the

self-governing Dominions, as well as the various dependent colonies, territories and protectorates. When referring to the Dominions, this paper refers to Australia, Canada, the Irish Free State, New Zealand, Newfoundland, and the Union of South Africa. Although the Irish Free State would only become a Dominion in 1922, and Newfoundland would later lose its Dominion Status, for the purposes of this project this group will be the standard referent for Dominions. It is to these countries, along with the United Kingdom, which discussion of the Commonwealth in the 1930s refers, as well as the emergent Commonwealth, when referring to the same countries in the late 1920s when the grounds for the Commonwealth had been established but not yet formalised. The primary difference between the emergent and formalised Commonwealth is the concept of free association. The Inter-Imperial Relations Committee of the 1926 Imperial Conference concluded their report with a definition of freely-associated, legally-equal, self-governing states.⁴ This definition would later be reaffirmed as the Balfour Declaration which unofficially laid the foundations of the Commonwealth. The definition would become official with the 1931 Statute of Westminster, in which the initial members of the Commonwealth were declared to be a “free association of the members of the British Commonwealth of Nations...united by a common allegiance to the Crown.”⁵ This distinguished the Commonwealth from the emergent Commonwealth in that British laws no longer automatically extended to the Dominions, and therefore that their association was not the result of a legal subordination, but the choice of the members.⁶

Throughout this paper there are also occasional references to supranational organisations.

By supranational organisation, this paper refers to an organisation like the formal

⁴“Report of the Inter-Imperial Relations Committee,” in *Imperial Conference 1926: Summary of Proceedings* (Ottawa: F.A. Acland, Printer to the King’s Most Excellent Majesty, 1926), 12.

⁵ Statute of Westminster 1931.

⁶ This differentiation would allow Ireland to leave the Commonwealth in 1938.

Commonwealth, comprised of a community of member states that must work together to achieve the goals of the wider organisation.⁷ Even after the Balfour Declaration of 1926, which first articulated the principles that would be enshrined in the Statute of Westminster; the Commonwealth was arguably a supranational organisation in the process of emerging. While a structural analysis of the Commonwealth as a supranational organisation is beyond the scope of this project, occasional references to the Commonwealth as a supranational organisation are included as an effort to resituate our understanding of the Empire. Thus, for the purposes of this project, the term supranational organisation is employed as a way to consider the Commonwealth in order to stress the association of its members, rather than its cooperation by imperial dictates; an approach which lends itself to better understanding the effects of economic crisis on supranational organisations, and which encourages a reconsideration of the Commonwealth as a predecessor to modern supranational organisations.

India, as an ever-present exception in British imperial history, is not considered in this paper. Although not a Dominion until after the Second World War, nor an initial member of the Commonwealth, India was nonetheless represented alongside the other Dominions at most imperial conferences. Much of the source material from the time maintains a dichotomous approach that delineates the Dominions and India, always adding unique rules and qualifications when considering south Asia. Due to the unique constitutional and economic development, as well as representation of India (which is consequently reflected in the documents), India did not play a significant role in the system of imperial preference and will therefore not be included in this project.

⁷ Politico-economic analysts Todd Sandler and Jon Cauley employ a similar definition. See: Todd Sandler and Jon Cauley "The Design of Supranational Structures: An Economic Perspective," *International Studies Quarterly* 21 (Jun., 1977), 263.

3. Organisation

To address the aforementioned questions, this paper is organised into four main sections. The first section is a historiographical review in order to understand the prevailing explanations for the changes of British economic policy and imperial relations in the interwar period. The second section of this thesis is comparative, and is comprised of two subsections that will help familiarise the reader with key policies of the time. The first of these comparisons illuminates the changes in British domestic, foreign, and imperial policy before and after the Depression. The second prefaces this paper's focus of imperial policy by comparing the 1923 and 1932 Imperial Economic Conferences with particular emphasis on their recommendations, tone, and the rhetoric of conference discussion and conclusions. This comparison will give a more detailed sense of the types of imperial policies in use, as well as the spirit of imperial economic coordination before and after the onset of the Depression. This preliminary comparison will preface the third main section of this paper; a chronological review of British economic policy through the interwar period, which will allow the development of various policies to be traced from the First World War through the Depression. This review will consider British domestic, foreign, and imperial economic policy, but will predominantly address imperial policy. Considerations of the various imperial conferences of the interwar period will be employed to demonstrate the effects of British policy on imperial relations within the emerging Commonwealth, and how those effects influenced imperial coordination in response to the Depression. The fourth and final section of this paper will tie together the historiography and documentary review of the previous sections in order to analyse and draw conclusions about the effects of the Depression on imperial economic coordination, and whether economic crisis

fostered cooperation or division within the Commonwealth, and what this means for the study of the economic relations of supranational organisations.

This paper's central argument is that while the Great Depression did cause short term cooperation among the members of the Commonwealth, this cooperation only occurred because it aligned with the pragmatic self-interest of both Britain and the Dominions. Thus, the cooperation brought about by the Depression, while ostensibly a departure from long term trends of imperial decentralisation and dispersal, was in reality a practical move drawing from the same self-interested forces that were responsible for long-term imperial disengagement.

Historiography

Prior to analysing any documentary evidence, this section will review the historiography of the period, presenting various interpretations of the events of the Ottawa Conference and the changes in imperial economics during the Depression. The arguments of authors dealing with imperial economic policy in the interwar period generally fall into three main groups. The first group attributes the policy changes of the period to an ideological struggle in the British government between differing economic and imperial visions. This group typically describes either a struggle between political parties, namely Labour and the Conservatives, or an ideological struggle across party lines between laissez-faire free-traders and imperially minded protectionists. The second main interpretive group argues that the policies of the period were an outcome of imperial economic and power structures, with the changes of the period derived from both consistencies and alterations within the structure of the Empire. The third group focuses on the self-interest of the Commonwealth and argues that an imperial economy was a back-up system for Britain, and was employed only when other more beneficial avenues of trade became untenable. While authors choose which elements to stress in their respective analyses, there is often overlap between these interpretations, and they are by no means mutually exclusive. Consequently, this review will focus on the central arguments presented by the various authors, while recognising that few authors commit to mono-causal interpretations.

To begin with a clear example of an ideological and politically focused interpretation, Forrest Capie argues in his 1983 book on the Depression and protectionism in interwar Britain, that the abandonment of free trade with the introduction of a general tariff in 1932 was not simply the product of the Depression, but was the result of a long-term protectionist agenda advocated for and implemented by the British Conservative Party. The Conservatives were able

to use their dominant position in the coalition national government after 1931, in conjunction with the extenuating circumstances of the Depression, to achieve their protectionist agenda, with implications for the British domestic, foreign, and imperial economies.⁸ Capie argues that the Conservatives were able to exploit these factors to facilitate the shift to a more protectionist imperial economy. He further argues that this shift took place within the nationalistic context of the time, which was complementary to isolationism and protectionism.⁹ Capie makes a compelling case, particularly considering that during the British election in 1929, prior to the Depression, the Conservative government, although it lost to Labour, incorporated imperial preference as a key component of the draft of the prime minister's election address for 1929. Although this was before the Depression and the speech would not be used, it demonstrates that the Conservatives were predisposed to a protectionist economy rooted in the Empire.¹⁰

Another historian who frames analysis of the economic events of the interwar period as the result of actions by British political parties is Robert Blake. Blake argues that party policies during the Depression were eclectic and often divisive because they sought to combine and balance motivations of ideology, party survival, and logical responses to external events, often resulting in ambiguous compromises within the policies themselves.¹¹ Overall however, he outlines that the Liberal party advocated for a Keynesian system based on free trade, the Conservatives advocated for protectionism and low taxes, and Labour, advocating for primarily

⁸ Capie, *Depression and Protectionism*, 7, 45, 58.

⁹ *Ibid.*, 142-3.

¹⁰ The National Archives (TNA): CAB 24/203, CP 141(29), Emergency Business Committee, Draft of the Prime Minister's Election Address 1929, 7 May, 1929. This position is even more compelling if we accept D.K. Fieldhouse's argument that imperial preference could not be implemented from Britain until the Depression was at its worst, supporting Capie's view that the Conservatives were pro-protection even in the 1920s, but were only able to commit to limited measures until the more extreme economic context of the Depression. See: D.K. Fieldhouse, "The Metropolitan Economics of Empire," in *The Oxford History of the British Empire Volume IV, The Twentieth Century*, eds. Judith M. Brown, Wm. Roger, Louis and Alaine Low (Oxford: Oxford University Press, 1999), 90.

¹¹ Robert Blake, *The Paladin History of England: The Decline of Power, 1915-1964* (Oxford: Oxford University Press, 1985), 139-40.

working class voters, was divided over commitment to free trade and lower food prices, versus social welfare with higher taxes.¹² After detailing the onset of the Depression and the accompanying crisis in the British government, Blake concludes that the Conservatives outmanoeuvred opposition first to bring down the divided Labour government by aligning with the Liberal party, then to use its dominant position within the new national government to create a protectionist economy.¹³ This protectionist economy, while engaging with the Empire during the Depression, ultimately destroyed the old colonial model of economics by institutionalising Dominion nationalism to the point of no return, thus sowing the seeds for further dissociation of the Empire.¹⁴ Blake's approach is decidedly political,¹⁴ focusing exclusively on politics within the British government, and considering economic forces only in relation to their political effects. When discussing imperial developments, he also subordinates these to the outcomes of party politics in Britain. Although there is a case to be made for the subordination of imperial concerns to British domestic politics, Blake takes this interpretation to an extreme degree, arguing for example, that the Ottawa Agreements were an entirely symbolic measure to solidify the Statute of Westminster.¹⁵ If this were the case, it seems doubtful that the Dominions would have negotiated so intensely for a simple symbolic verification of their newfound independence. Furthermore, this interpretation does not consider the increase in imperial trade following the Ottawa Agreements. The value of this increase in trade has also been disputed, but it would be naive to disregard it altogether. Thus, while Blake provides a superb analysis of the complexities of interwar party politics in Britain, he does so at the expense of economic and imperial context.

¹² Ibid.,140.

¹³ Ibid., 153-5, 162, 167. A position also expressed by contemporaries. See: Arnold J. Toynbee and V.M. Boulter, *Survey of International Affairs, 1931* (Oxford: Oxford University Press, 1932), 128.

¹⁴ Ibid., 168. Blake also recognised the role of the Statute of Westminster in cementing Dominion nationalism.

¹⁵ Ibid., 168.

Frank Trentmann's interpretation of the changes in the interwar period also incorporates ideology as a key factor, but focuses on ideology less as an element of party politics and more as a wider influence on ideas of citizenship within the Empire. Trentmann argues the First World War, and later the Depression called into question the capacity of nation-states to respond to crises, and that therefore, larger international organisations were considered as a viable alternative.¹⁶ However, he specifies that the idealists advocating for a new internationalism needed to divorce ideas of state and nationality, differing between political citizenship and a sense of national identity.¹⁷ In the 1920s, there was a strong effort by these international idealists in Britain to foster a sense of imperial patriotism, moving to a Commonwealth, rather than national footing for member citizens' identities.¹⁸ While noting that such idealism was disconnected from the reality of a period often characterised by division and nationalism, Trentmann concludes that idealistic thinking nonetheless pressured policy makers to move toward closer imperial union in the 1920s.¹⁹ This argument emphasizes culturally-underscored ideological pressures for the difference between 1920s and 1930s imperial relations, rather than the economic problems of the Depression. Trentmann argues that the latter helped create the conditions in which that ideology grew, but were not as instrumental in pushing policy makers to attempt to reconcile civic spirit with commercial and imperial society.²⁰ While Trentmann's position is a compelling argument for the intellectual history of internationalism and ideas of

¹⁶ Many of these idealists aligned with Labour in its pursuit of closer international cooperation through the League of Nations. See: Lucian M. Ashworth, "Rethinking a Socialist Foreign Policy: The British Labour Party and International Relations Experts, 1918 to 1931," *International Labor and Working-Class History* 75 (Spring 2009), 30-31.

¹⁷ Frank Trentmann, "After the Nation State: Citizenship, Empire and Global Coordination in the New Internationalism, 1914-1930," in *Beyond Sovereignty: Britain, Empire and Transnationalism, c. 1880-1950*, eds. Kevin Grant, Philippa Levine, and Frank Trentmann (Houndmills: Palgrave Macmillan, 2007), 36-7.

¹⁸ *Ibid.*, 47-48. See also John E. Kindle, *The Round Table Movement and Imperial Union* (Toronto: University of Toronto Press, 1975), 303.

¹⁹ *Ibid.*, 50.

²⁰ *Ibid.*, 44.

imperial citizenship, his interpretation understates the gravity of the Depression, which arguably had more impact on political parties and citizens than the idealistic thinking it helped create.²¹

This emphasis on differing visions of the Empire's role in the world, often characterised as an idealistically driven pursuit of either open free trade, or a more closed, yet comprehensive imperial system, is reflected by other authors as well, particularly when interpreted in light of the Second World War. For example, Ronald Hyam argues that the interwar period was a struggle across party lines between free-market idealists arguing for gold-standard based free trade, and imperial visionaries looking for a closed, but self sufficient imperial economy.²² He further argues that through this struggle, the establishment of the Commonwealth and the Ottawa Agreements provided just enough constitutional independence, and just enough increase in trade volume to ensure that the Empire stayed together. These measures were ultimately successful not because of their economic and constitutional outcomes, but because they prepared the self-governing Empire for the coordination and idealistic cooperation needed to ensure success in the upcoming war.²³ While the characterisation of this period as a struggle between free market and imperial idealists is a relatively common interpretation, Hyam's argument differs in that, while it

²¹ That being said, Trentmann is not the only one to argue for intellectual factors as the root of policy. For example, A.P. Thorton deals extensively with idealism, and argues that the Empire was founded on a unique combination of politics and emotion, and only declined when it ceased to believe in its perceived position in the world. See: A.P. Thorton, *The Imperial Idea and its Enemies: A Study in British Power* (London: Macmillan & Co. Ltd., 1959), xii-xiv. A similar point is made by B.W.E. Alford, *Britain in the World Economy Since 1880* (London: Longman Group Limited, 1996), 150.

²² Ronald Hyam, *Britain's Declining Empire: The Road to Decolonization, 1918-1968* (Cambridge: Cambridge University Press, 2006), 72-73.

²³ *Ibid.*, 69, 73. Hyam's argument is reminiscent of Second World War propaganda, with the ideals of Commonwealth cooperation styled as the most important aspect of Commonwealth development in the interwar period. For example, see: Ramsay Muir, *The British Empire, How it Grew and How it Works* (Toronto: Periscope Publishing Company, 1940), 4-5, 35, 50, 64.

recognises the involvement of political and economic factors, it subordinates the outcomes of the period to the role of ideologies.²⁴

Ian Drummond also argues that interwar imperial economics were dictated by an ideological struggle across party lines between laissez-faire free traders and imperial visionaries in Britain.²⁵ Drummond incorporates economic analysis by recognising that no self-governing members of the Empire could fill one another's needs, and that all were buying more foreign than imperial goods even after the implementation of imperial preference following the Ottawa Conference.²⁶ However, he also argues that an imperial economy was still attractive for the security it offered for strategic self-sufficiency, as well as for tariff protection for domestic producers in member states, and as a framework for safe overseas investments.²⁷ This Commonwealth-focused policy would help Britain through the Depression but, as international tensions mounted, would ultimately be sacrificed in the late 1930s in order to gain political "goodwill" from both the independence seeking Dominions, and international partners.²⁸ He also argues that the imperial economic system would be abandoned not only for political purposes in the late 1930s, but also due to a lack of clear economic benefits from imperial preference. Although this analysis seems much less ideologically based than Drummond's initial characterisation of a cross-party ideological struggle would imply, he returns to that theme at the end of this work. In concluding, he argues that the British commitment to free-trade had

²⁴ For example, see: Stephen Constantine, *Unemployment in Britain Between the Wars* (London: Longman Group Limited, 1980), 78.

²⁵ Ian M. Drummond, *British Economic Policy and the Empire, 1919-1939* (London: George Allen and Unwin Ltd., 1972), 36., Ian M. Drummond, *Imperial Economic Policy, 1919-1939: Studies in Expansion and Protection* (London: George Allen & Unwin Ltd., 1974), 424. This point is also echoed by Jim Tomlinson in: "The Empire/Commonwealth in British Economic Thinking and Policy," in *The Oxford History of the British Empire, Britain's Experience in the Twentieth Century*, ed. Andrew Thompson (Oxford: Oxford University Press, 2012), 219.

²⁶ Drummond, *British Economic Policy and the Empire*, 21, 23, 103.

²⁷ *Ibid.*, 37.

²⁸ *Ibid.*, 140.

persisted throughout the Depression, and had even manifested itself within the imperial economy by a push towards Empire free trade within the protected imperial system. Thus, the ongoing struggle of imperial, versus free trade visionaries continued as the context to Drummond's more analytical review of the intervening events.²⁹

With the exception of Drummond, these more ideologically based works tend to exclude many of the economic factors of the period when accounting for changes in imperial policy. Other historians, however, argue that while ideology had an important role, colonial economic structures limited the ways in which that ideology could be manifested through economic policy. Consequently, the policy changes of the interwar period were less a result of ideology and its manifestation in party politics, but were the product of structural problems inherent to colonial economics of centre and periphery. Stephen Constantine's work on colonial development policy during the interwar period is a useful example of this type of argument. Constantine posits that in regards to development policy, the vision for economic development in the colonies was ultimately undermined by the domestic need to solve British unemployment.³⁰ This political obligation for the British government to be accountable to its domestic electorate, all the while attempting to manage an overseas empire meant that colonial economic needs would always be subordinate to British self interest by virtue of the domestic vote.³¹ The same applied to the Dominions as too much industrial development would mean internal competition between Britain and other parts of the Empire, thus putting the development and recovery of both at odds should they remain in a closed imperial system. In this case, the colonial economic model

²⁹ Drummond, *Imperial Economic Policy*, 390, 433, 446.

³⁰ Stephen Constantine, *The Making of British Colonial Development Policy, 1914-1940* (London: Frank Cass and Company Limited, 1984), 113., Stephen Constantine ed., *Emigrants and Empire: British Settlement in the Dominions Between the Wars* (Manchester: Manchester University Press, 1990), 6.

³¹ Constantine, *The Making of British Colonial Development Policy*, 220-221., See also: Richard Whiting, "The Empire and British Politics," in *The Oxford History of the British Empire, Britain's Experience in the Twentieth Century* ed. Andrew Thompson (Oxford: Oxford University Press, 2012), 161.

dictated that the interests of the metropole would take precedent; a structural caveat which arguably sparked many of the constitutional debates of the interwar period.³² Constantine makes a similar case in his analysis of unemployment in Britain during the interwar period. He argues that the nature of the British economy as an export based system rendered unemployment a structural problem with no easy solution.³³ In the context of this problem Constantine argues that the Conservative party helped destroy the old economic orthodoxy of gold-standard based free trade by advocating for a protectionist economy sheltered within the Empire.³⁴ However, he concludes that imperial visionaries did not consider Dominion independence in their assumptions of the Empire, and as such the trends of imperial economic cooperation began to reverse in the late 1930s.³⁵ Both an export-reliant economy and assumptions of Dominion subordination are hallmarks of a metropolitan state and features of a colonial economic system. Thus, the changes of the interwar period represent a reactionary attempt by the British government to adapt an older style colonial economy to the new economic conditions of the Depression. This type of structurally based argument correlates strongly with the forthcoming documentary analysis.

The structural inequalities of this type of colonial model persisted even as the Dominions acquired increasing political and economic independence, bringing to mind J.D.B. Miller's position that in the Commonwealth, equal status was not the same as equal stature.³⁶ Miller argues that in a colonial economic model Britain exported not only manufactured goods, but also

³² David Meredith, "The British Government and Colonial Economic Policy, 1919-39," *The Economic History Review* 28 (August 1975), 485, 495., Constantine ed., *Emigrants and Empire*, 13.

³³ Constantine, *Unemployment in Britain Between the Wars*, 14.

³⁴ *Ibid.*, 71.

³⁵ *ibid.*, 73-74, 78.

³⁶ J.D.B. Miller, *Britain and the Old Dominions* (London: Chatto & Windus Ltd., 1966), 41., See also: Nicholas Mansergh, *Survey of British Commonwealth Affairs: Problems of External Policy, 1931-1939* (London: Oxford University Press, 1952), 34.

knowledge and influence without much return in this regard.³⁷ This had resulted in a system in which the Dominions' financial and cultural life was inherently linked to Britain, but that at home, Britons had little understanding of the Empire due to the largely unilinear outflow that had defined the colonial system up to the First World War.³⁸ Consequently, while attempting to react to the Depression according to more traditional norms, the British Government often misread Dominion motivations, assuming an older form of colonial loyalty which was no longer automatic. Conversely, as the Dominions sought to respond to the Depression with the new independence of Commonwealth equality, they found themselves unable to do so without coordination with Britain, which remained the economic hub for the self-governing Dominions. Miller recognises that due to the growth of free trade, economic links between Britain and the Dominions were imbalanced and could never provide enough for the expanding needs of both, yet due to a lingering colonial style economic structure, those links were retained, and relied upon during the Depression.³⁹

Another historian to argue for structural causes to the changes brought about with the Depression is John Gallagher. In his 1974 Ford Lectures on *The Decline Revival and Fall of the British Empire*, Gallagher argued that the structure of the British Empire based on free trade emphasised the informal Empire, which was governed largely by informal commercial ties rather than direct rule, with the difference being in degree, not structure per se.⁴⁰ Gallagher argues that the colonial system was designed to cater to the interests of the metropole, and that the British people and government were relatively ignorant of conditions in the Empire, and did not recognise the realities of Dominion independence, nor take those developments seriously as they

³⁷ Miller, *Britain and the Old Dominions*, 45.

³⁸ *Ibid.*, 25-26, 45, 215.

³⁹ *Ibid.*, 22-24.

⁴⁰ John Gallagher, "The Imperialism of Free Trade," in *The Decline, Revival and Fall of the British Empire: The Ford Lectures and other Essays*, ed. Anil Seal (Cambridge: Cambridge University Press, 1982), 2-3.

unfolded.⁴¹ This position aptly sums up the domestic implications of the ideological struggles of the period. As competing visionary groups propagating their ideas in the United Kingdom, Britons were presented with totalising views that simplified and sometimes whitewashed the complexities of the Empire into publicly consumable visions. The result was a period of stronger, though frequently less informed imperial interest groups vying to sway British policy without necessarily considering local conditions throughout the Empire.⁴² Gallagher concludes that the British government had become short sighted and reactionary, with limited responses to both unexpected economic crises and political backlash from the Empire in the wake of the First World War. However, he posits that in spite of the Dominion and colonial pressures brought to bear against an ignorant Britain, the interlocking external pressures of economic collapse and the threat of war in the 1930s ultimately brought solidarity to the Empire by simultaneously pushing Britain to seek imperial cooperation based on a colonial economic model that offered the most gain to Britain, and by urging the Dominions to cooperate with Britain primarily for non-economic reasons such as defence.⁴³ Gallagher's interpretation incorporates many sub arguments, but at the base he nonetheless argues that the structure of the Empire set the stage for expanded imperial cooperation in the 1930s by pushing its members together, whether for political or economic reasons. This argument of a reluctant coming together of the Empire can readily be seen in the debates of the Ottawa Conference which, while much more heated and divisive than the cordial cooperation of the 1923 Conference, nonetheless resulted in a

⁴¹ John Gallagher, "The Decline, Revival and Fall of the British Empire," in *The Decline, Revival and Fall of the British Empire: The Ford Lectures and other Essays*, ed. Anil Seal (Cambridge: Cambridge University Press, 1982), 78-79, 120.

⁴² Andrew Thompson and Meaghan Kowalsky, "Social Life and Cultural Representation: Empire in the Public Imagination," in *The Oxford History of the British Empire, Britain's Experience in the Twentieth Century*, ed. Andrew Thompson (Oxford: Oxford University Press, 2012), 253-256.

⁴³ Gallagher, "The Decline, Revival and Fall of the British Empire," 85, 114, 127.

comprehensive system of imperial preference being implemented and imperial trade increasing thereafter.

Lorna Lloyd also engages with notions of British economic pragmatism and ignorance of conditions in the Dominions.⁴⁴ Her arguments on economics are framed in an overall focus on the constitutional relations of the emergent Commonwealth, with strong emphasis on the doctrine of inter-se and imperial diplomacy. However, within that framework she incorporates the argument that while Britain sought economic coordination with the Dominions in response to the Depression, the Dominions lacked the economic and diplomatic machinery to operate independently, and were thus tied to the imperial economic structure.⁴⁵ However, Commonwealth constitutional developments had equipped the Dominions to develop their own diplomatic and commercial networks; the implications of which Britain did not fully consider. Consequently, Britain increasingly relied on economic coordination with the Dominions, all the while giving the legal freedom for the Dominions to dismantle the old interdependent imperial economy. Within this dichotomous approach the tendency to pursue a free trade economy remained strong during the 1930s, but was sheltered in a protected imperial economy which allowed British economic institutions to be preserved until such time as world market conditions improved.⁴⁶ According to Lloyd, structurally facilitated imperial economic coordination did help member states during the crisis, but had more impact in terms of their political rather than economic outcomes. In spite of closer economic ties during the Depression, those ties were accompanied by novel constitutional freedom that would allow the economic ties to be dismantled in future. Thus, the next time economic conditions permitted full pursuit toward free

⁴⁴ Lorna Lloyd, "Loosening the Apron Strings: The Dominions and Britain in the Interwar Years," *The Round Table* 369 (2003), 279.

⁴⁵ *Ibid.*, 288-291.

⁴⁶ Lloyd, "Loosening the Apron Strings," 291-292., See also: Tomlinson, "The Empire/Commonwealth in British Economic Thinking and Policy," 214.

trade, the stage had been set for further imperial economic disengagement, without the structural ties that encouraged cooperation during the Depression.⁴⁷

Although placing more emphasis on British self-interest than a colonial style economy, B.W.E. Alford argues a similar position that Britain operated out of self-interest both internationally, and within the imperial system. In the process, he argues, the British government greatly underestimated the self-interest of the Dominions, which resulted in no small friction both constitutionally, and in the economic proceedings of the Ottawa Conference.⁴⁸ Alford continues to argue that between world and Empire economies, the cultural similarities with the Dominions lent much more confidence to Empire trade at a time when economic confidence was sorely needed.⁴⁹ However, he elaborates that reliance on an imperial economy, while attractive, could only work to a certain extent as Dominion growth would inherently compete with the British-self interest built into the system and thus, the imperial economy would require structural change in order to accommodate the new economic realities of the increasingly independent Empire.⁵⁰

Alford's interpretation, as well as those of Constantine, Miller, Gallagher, and Lloyd, suggests that in spite of divergent developments since the First World War, such as the growing constitutional and economic independence of the Dominions, latent colonial economic structures pushed the Empire together, if begrudgingly so. Britain maintained the economic dominance of the metropole, but could offer some compensation in the realm of defence. The imperial system was less valuable to Britain than freer world trade because the Empire could be economically self-sufficient, but self-sufficiency did not create the surpluses possible in world trade, thus

⁴⁷ Lloyd, "Loosening the Apron Strings," 292, 296.

⁴⁸ Alford, *Britain in the World Economy*, 142, 166.

⁴⁹ *Ibid.*, 167.

⁵⁰ *Ibid.*, 143, 168.

rendering it secure, but less profitable.⁵¹ The pursuit of freer trade had somewhat alienated the Dominions after the promises of the 1917 Imperial Conference, resulting in the apparent bitterness of the Ottawa negotiations. An initial unwillingness to cooperate existed in both the United Kingdom, and particularly in the Dominions. However, the results of the conference ultimately increased Empire trade due to the external effects of the Depression coupled with the internal effects of older colonial economic structures.

Another common interpretive framework for the shift in British economic policy and imperial economic relations as a result of the Depression is that British policy makers kept the imperial economy as a backup system, or a sort of economic insurance policy in case of global economic deterioration. By juggling world and imperial economics in the 1920s, Britain sought to achieve maximum economic benefit in world markets, all the while maintaining the security offered by an in-house imperial system. This argument is quite compelling in light of the high-points of imperial economic cooperation during the early twentieth-century. For example, during the First World War restrictions to world trade resulted in an expanded, but not comprehensive imperial economic system. Later, the shift to a much more complete imperial economy during the Depression represented the alternative imperial economic system being brought to the fore as other commercial channels failed on an unprecedented scale.⁵² This interpretation is not exclusive of the role of lingering colonial economic structures; however, it allocates more agency to the British government, styling the shift to imperial economics as a decision to use a back-up system, rather than a structurally dictated response.

⁵¹ This point is echoed in: P.J. Cain and A.G. Hopkins, *British Imperialism: Crisis and Deconstruction, 1914-1990* (London: Longman Group UK Limited, 1993), 145.

⁵² While arguing that the Empire did not fundamentally change the British economy, Andrew Thompson employs a similar position that an imperial economy was only seriously considered in times of crisis. See: Andrew Thompson, *The Empire Strikes Back: The Impact of Imperialism on Britain from the Mid-Nineteenth Century* (Harlow, Pearson Education Limited, 2005), 156.

Charles Kindleberger echoes this argument in his 1986 survey of the Depression. He argues that the gravity of the Depression was the result of British inability and American unwillingness to stabilise the international economy.⁵³ Consequently, the British government shifted economic priority to the Commonwealth only after it was demonstrably shown that British economic leadership could not rally the world economy. Thus, imperial trade was employed as an economic backup system to protect British economic institutions until conditions improved and free-trade could be revisited.⁵⁴ Although Kindleberger's work is rather broad in that it seeks to address the Depression throughout the world, in his discussion of Britain and imperial economics, particularly in regards to Commonwealth coordination, his approach aptly sums up the view of the Empire as a back-up economy for Britain, both as a primary channel for trade, and a platform from which to rebuild the world economy.

D.K. Fieldhouse, in a more comprehensively Empire-focused work, also argues that the Empire served as an emergency backup economy for Britain, even going so far as to say that due to the benefits of free trade, when faced with the choice between an open world or closed imperial economy, the choice of an imperial economy was not politically possible in Britain until the Depression was at its worst.⁵⁵ After the high point of imperial trade in the wake of the Ottawa Conference, Fieldhouse argues that the gradual re-opening of world trade in the late 1930s undermined the nascent sterling area and associated Empire trading bloc, as it posed fewer limits on potential growth, and was without the defence and bureaucratic costs of imperial maintenance and governance. By allowing British investors to shop around and potentially increase returns on their investments, foreign trade drew capital out of the imperial system to be redistributed abroad

⁵³ Charles P. Kindleberger, *The World in Depression, 1929-1939* (Berkeley: University of California Press, 1986), 289.

⁵⁴ Kindleberger, *The World in Depression*, 295-296. This argument is echoed in: J.B. Watson, *Empire to Commonwealth, 1919-1970* (London: F.M. Dent & Sons Ltd., 1971), 18.

⁵⁵ Fieldhouse, "The Metropolitan Economics of Empire," 89-90.

allowing free trade to quickly reassert itself and regain British economic priority in the late 1930s.⁵⁶ He concludes that the Empire had always contributed to the British economy and did so even more during the Depression, making it difficult to determine how Britain would have fared without falling back to the imperial economy during the crisis.⁵⁷

P.J. Cain and A.G. Hopkins also argue that the Empire served as a backup economy for Britain. Cain and Hopkins frame this argument in a long-term perspective of British governance. Thus, rather than a simple emergency backup economy, they style the Empire as an alternative to a cosmopolitan economy that Britain was trying to build in the wake of the First World War. Within this framework, they argue that the imperial economy would not provide the growth sought by Britain, but would protect British economic systems through the turbulence of a changing world economy, and was therefore important to maintain in case of economic collapse.⁵⁸ They elaborate that the Depression forced economic interdependence to a high degree which could provide self sufficiency, but not enough surplus capital for growth, and would therefore never be seen as a permanent solution.⁵⁹ That interdependence was formalised with the Ottawa Agreements and promoted a reliance on the sterling zone as the financial basis of a commercial system rooted in the Empire.⁶⁰ Cain and Hopkins emphasise the vitality of interwar Britain in this regard, as it remained a world power, improved and expanded the sterling currency bloc, and retook markets from the United States in the Americas and Asia.⁶¹ This interpretation again engages with the concepts of the Empire as a backup economic system that

⁵⁶ Ibid., 91,111.

⁵⁷ Ibid., 112-3.

⁵⁸ Cain and Hopkins, *British Imperialism*, 73.

⁵⁹ Ibid., 38, 112, 139, 145.

⁶⁰ Ibid., 38-39.

⁶¹ Ibid., 6.

was effectively used as a last resort in the depths of the Depression, but was limited to that purpose and later replaced.

Moving from the notion of the Empire as a back-up economy yet still engaging with wider trends, Nicholas Mansergh, in his work on problems of British external policy in the 1930s, argues that Commonwealth interactions were coloured by the skeptical spirit of the age. This led the Dominions to be suspicious of British authority and all parties to harbour protectionist sentiments like their contemporaries abroad.⁶² Addressing the period in long-term trends, he argues that the time between the wars was one of transition in which the Dominions were gaining independence, yet were not fully equipped for autonomy, and therefore were forced to rely on Britain until they could build up the diplomatic and economic machinery for full independence.⁶³ Mansergh uses these observations to explain the origins of appeasement in the 1930s, rather than the more economic issues addressed by this paper. However, his overarching framework of long-term trends, and his arguments on the establishment of the Commonwealth and Empire relations in the interwar period are useful to understanding how the Empire functioned in the early 1930s. Mansergh's observations about the spirit and transitory nature of the interwar period are framed in the still wider narrative of the triumph of imperial decentralisation, which had begun much earlier and arguably encompasses most of the intricacies of Commonwealth development, and even decolonisation.⁶⁴ Mansergh's focus on such a long-term, macro scale narrative offers another frame of reference for this thesis' assessment of whether interwar imperial economic cooperation was the result of long-term trends or a response to the Depression alone. While Mansergh does address reactions to the Depression, he sees them

⁶² Mansergh, *Survey of British Commonwealth Affairs*, 32, 415.

⁶³ *ibid.*, 432.

⁶⁴ Mansergh, *Survey of British Commonwealth Affairs*, 32. Alfred Burt also frames the interwar period as a transitory phase within a wider narrative of empire. See: Alfred LeRoy Burt, *The British Empire and Commonwealth from the American Revolution* (Boston: D.C. Heath and co., 1956), 730.

as smaller manifestations of long-term trends of decentralisation. He evaluates whether the Depression itself had a significant impact on imperial cooperation, or whether it was simply one of many avenues through which macro-level trends were manifested.⁶⁵ Although macro-level trends are engaged with by other historians, Mansergh places much more importance on these long-term themes; an approach which is valuable to wider understanding, but must be balanced with the role of reactionary responses to short-term events.

John Darwin, having written much on the interwar Empire, provides perhaps some of the most nuanced interpretations of the changes of this period, particularly in regards to balancing macro- and micro-level intricacies of the time. In his 2009 book, *The Empire Project: the Rise and Fall of the British World System, 1830-1970*, he details the British struggle to maintain free trade and the gold standard, and the establishment of imperial preference as a turn to illiberal solutions in the face of crisis.⁶⁶ Darwin argues that imperial economics, while valuable, could not be a full solution to the Depression, and that the nationalist currents of the time were driving the Dominions apart. Due to these factors by the late 1930s the idea of a closed imperial economy was in decline.⁶⁷ Adopting a long-term view akin to that of Mansergh, he ultimately argues that long term geopolitical forces outside of British control dictated the rise and fall of the imperial system in the interwar period.⁶⁸ In *The End of the British Empire: the Historical Debate*, Darwin also argues that all British governments were prone to allowing gradual disengagement with the Empire.⁶⁹ In this work, however, he specifies that within this trend, the Labour government, when interacting with the Dominions, preferred to promote the Commonwealth as a basis of

⁶⁵ Anthony Clayton also explores the interwar period as a product of such macro-trends. See: Anthony Clayton, *The British Empire as a Superpower, 1919-39* (Athens, Georgia: University of Georgia Press, 1986), 2, 6.

⁶⁶ John Darwin, *The Empire Project: The Rise and Fall of the British World-System, 1830-1970* (Cambridge: Cambridge University Press, 2009), 418.

⁶⁷ *Ibid.*, 437, 455-457.

⁶⁸ *Ibid.*, 649.

⁶⁹ John Darwin, *The End of the British Empire: The Historical Debate* (Oxford: Basil Blackwell Ltd., 1991), 81.

cooperation, thus allowing independence and reducing the British commitment to the Empire, particularly in terms of administrative costs.⁷⁰ Darwin argues that the Conservatives were much more focused on national pragmatism, and as such, sought a protectionist system rooted in the Empire solely for the preservation of British economic machinery. He further argues that as time went by and global geopolitical conditions made empires increasingly untenable, the Conservatives would prefer allowing the Empire to dissolve in the name of pragmatism, rather than transforming it into a new type of association such as the Commonwealth.⁷¹ This argument coincides well with the general non-committal stance of all British governments, and does well to explain why the national government after 1931, comprised mostly of Labour and Conservative members, granted increased political independence to the Dominions, all the while pursuing a more protective imperial economy. Labour's preference for a freely associated Commonwealth and the Conservative desire for a protectionist economy were not mutually exclusive when implemented in the form of the Ottawa Agreements. Darwin concludes this survey by arguing that the decline of the British Empire could not have been mono-causal, and that a combination of factors undoubtedly resulted in its dissolution.⁷²

Darwin emphasises multi-causal explanations for the changes of the interwar period which incorporate the politics of ideology as well as economic and structural factors not only in these, but also his other works. For example, in "A Third British Empire? The Dominion Idea in Imperial Politics," written as a contribution to *The Oxford History of the British Empire*, Darwin traces the history of the idea of dominionhood, arguing that imperial unity was a key concern in the turbulent first half of the twentieth-century. He elaborates that at its core, the dominion idea

⁷⁰ Ibid., 32, 81.

⁷¹ Ibid., 30.

⁷² Ibid., 114.

was developed to help foster political, economic, and defence cooperation to help the Empire survive.⁷³ The First World War brought about a change in thought wherein the Dominions came to be viewed as assets rather than liabilities, and imperial preference was implemented as part of a programme for imperial unity, which incorporated defence interests as well as appeals to British race sentiment.⁷⁴ Darwin concludes that dominionhood was designed to be a platform for global proxy power for a renewed and modernised British Empire, but that the possibility was lost during the Second World War.⁷⁵ Much like Cain and Hopkins, in this work Darwin emphasises British vitality between the wars, and considers economics as part of a wider British programme of power politics. This programme incorporated the Empire as a key piece of a wider global project, rather than the Empire itself being the ultimate project, thus explaining the British tendency to subordinate the Empire to more profitable free-market preferences, yet promote imperial ties for more viable defence and cultural links.

⁷³ John Darwin, "A Third British Empire? The Dominion Idea in Imperial Politics," in *The Oxford History of the British Empire Volume IV, The Twentieth Century*, eds. Judith M. Brown, Wm. Roger, Louis and Alaine Low (Oxford: Oxford University Press, 1999), 64-65.

⁷⁴ *Ibid.*, 67, 70-71.

⁷⁵ Darwin, "A Third British Empire?" 85., Echoed by: Francine McKenzie, "In the National Interest: Dominions' Support for Britain and the Commonwealth after the Second World War," *The Journal of Imperial and Commonwealth History* 34 (December 2006), 9.

The Impact of the Depression through Policy Comparison

To trace British economic policy through the interwar period reveals a preoccupation with two overarching and interconnected goals. These were to reduce domestic unemployment, and to promote freer world trade as the primary method of reducing unemployment in the British export sector. This section will briefly recapitulate the changes and similarities in British economic policy through the Depression. Following this general summary of policy, this thesis will focus on analysing the differences and continuities in imperial policy in particular, and its consequences for, the cooperation of the emergent Commonwealth in the face of economic crisis.

1. British Economic Policy

A. British Domestic Economic Policy

Bearing in mind the overarching goals of addressing unemployment in Britain and working toward international free trade, British domestic economic policy for the purposes of this paper is a lesser but key contextual consideration. From the end of the First World War onwards, this area of policy had four main branches used to combat unemployment in Britain: public works, land settlement, unemployment insurance, and industrial reorganisation.

In the 1920s, public works projects began relatively limited in scope and were seen as a temporary measure to ease unemployment until prosperity returned, as per the assumptions of cyclical economics. These projects mostly featured infrastructure development such as roads, housing, and port upgrades, but were generally on a small scale. By 1925, Labour was advocating for a more active role of the government in resolving unemployment, including increased public works; a policy which the party pursued once in office in 1929, though in a

limited way.⁷⁶ After 1932, when it became clear that the Depression was much more than a cyclical downturn of the economy and required more drastic responses, public works projects were greatly expanded to incorporate a larger variety of projects and to include more workers. Overall, public works were viewed both before and after the onset of the Depression as a temporary measure, but became much more institutionalised in the 1930s.⁷⁷

Land settlement was a scheme designed during the War to provide for ex-servicemen, and later unemployed and poor families, all the while contributing in some small way to British agricultural production.⁷⁸ This scheme involved clearing land throughout the United Kingdom and revitalising it as small farms, which could provide work and food for unemployed families and thus relieve some of the burden on the state's newly minted welfare system. After 1932 this policy was continued, but to a much lesser degree. This was probably due to the limited amount of land to be used, and the inability of the government to guarantee a standard living wage for these novice farmers. Overall this policy was an effort of the 1920s with inherent limits to its effectiveness, which demonstrated that it could not provide effective relief to the numbers of unemployed in the 1930s. In both rhetoric and practice, this policy faded with the worsening of the Depression.

Unemployment insurance was arguably the largest domestic relief effort in both the 1920s and 1930s. Immediately following the First World War, unemployment insurance was expanded from its earlier forms, largely to provide for demobilised soldiers as they transitioned back into a civil economy. Yet this system was founded on assumptions of cyclical

⁷⁶ Keynes was much more vocal in his avocation for such policies, but partnered with the Liberal party during the late 1920s. See: Donald Winch, *Economics and Policy: A Historical Study* (New York: Walker and Company, 1969), 104, 107-108.

⁷⁷ Constantine, *Unemployment in Britain Between the Wars*, 52-53.

⁷⁸ Kent Fedorowich, *Unfit for Heroes: Reconstruction and Soldier Settlement in the Empire Between the Wars* (Manchester: Manchester University Press, 1995), 32.

unemployment, and was stymied by the persisting downturn of the 1920s. As mass unemployment persisted through the decade, the breadth of the programme was continually expanded to accommodate those affected by unemployment.⁷⁹ However, while unemployment insurance was extended to increasing numbers of people and people groups, these revisions were often based on debates over eligibility and criteria for exclusion, which permitted the expansion of the programme, but with limitations and hesitance at times. After 1932, unemployment insurance was maintained and expanded as per yearly needs, and was periodically updated and consolidated to include ever-finer categories of citizens, with a preoccupation for not excluding those deserving of aid, yet cautious about potential abuses of the system. The change in this policy could be characterized by construction of welfare systems in the 1920s followed by extensive growth and fine tuning of that system with the advent of the Depression.

Finally, British domestic economic policy incorporated a strong component of industrial reorganisation. Initially, this was a limited policy focused on textiles, steel, and coal mining and was designed to modernise British industry so as to increase its competitiveness in world export markets. Rationalisation and modernisation were buzzwords of the 1920s. However, this policy area was limited as the economic orthodoxy of the day encouraged waiting for trade to rebound in a cyclical fashion.⁸⁰ During the Depression, this area of policy was adapted to the reality that Britain's export economy was not simply experiencing a cyclical slump, but had much more deep-rooted problems. Consequently, in the 1930s industrial reorganisation was expanded and began to focus not only on modernisation to revitalise existing, largely export based industries,

⁷⁹ Winch, *Economics and Policy*, 100-102.

⁸⁰ For example, the 1926 Coal Mines Act focused on rationalisation, but also ended subsidies for the coal sector while waiting for economic rebound. Similarly, the 1925 Safeguarding of Industries Act protected certain industries with tariffs, but was not a wholesale shift to tariffs as in the Depression. Both of these were stop-gap measures while waiting for cyclical recovery. Coal Mines Act 1926., Safeguarding of Industries Act 1925.

but also diversification.⁸¹ This strategy would increase British domestic markets, reducing the economic reliance on continual exports and create new industries and more employment.

Interestingly enough, as economic conditions improved in the late 1930s, industrial reorganisation was not so heavily emphasised in legislation and discussion, no doubt due to the success of previous reforms, but also because as world economic conditions improved, the need to reform a still predominantly export economy had passed.

B. British International Economic Policy

In terms of international policy, the years before and after the onset of the Depression make an interesting comparison not only in terms of large-scale policy changes, but also in regards to the persistence of certain ideas. British international economic policy in this period can be characterised by the two central themes of gold-standard based currency and the advocacy of freer international trade. While international and imperial policy often overlapped, for the purposes of this section they will be regarded individually.

In the wake of the First World War, the return to gold standard currency was a goal that was optimistically pursued as a prospective cure for Britain's mounting problem of unemployment. Having been abandoned during the War, economic orthodoxy assumed that its reestablishment in 1925 would boost the global economy, reassert British financial dominance abroad and subsequently bring about domestic recovery.⁸² Yet even as this recovery failed to materialise and conditions worsened after the arrival of the Depression, the gold standard was maintained until a lack of alternatives forced the issue and precipitated a change of government

⁸¹ Winch, *Economics and Policy*, 212-213.

⁸² A point relentlessly attacked by Keynes. See: Winch, *Economics and Policy*, 151-152. See also: Constantine, *Unemployment in Britain Between the Wars*, 50-51.

and the abandonment of the gold-standard.⁸³ Unlike domestic policy in which existing policies were generally adapted to the exigencies of the Depression, the abandonment of the gold-standard represented a fundamental switch in British policy which was in this case permanent. This shift from gold standard based sterling to cheaper money was a significant departure not only in the composition of British currency, but also in terms of international economic strategy. The gold standard represented a bid to direct international finance based on a fiscal domination of continental Europe. This was to be accomplished by maintaining a strong pound, which was ultimately impossible due lack of recovery and cooperation among European countries, and because of the domestic effects a high-valued pound had in contributing British unemployment.⁸⁴ With sterling, this bid for world financial leadership was transferred to the sterling zone, largely based in, but not exclusively centred in the Empire. This major policy shift caused by the Depression was permanent, and had important repercussions for the role of British finance domestically, as it helped precipitate the establishment of a Keynesian system in Britain, as well as redefined Britain's position in world and Commonwealth financial coordination from the Depression to after the Second World War.⁸⁵

⁸³ The differing opinions of governments are an interesting comparison. For example, in a February 1929 memorandum on unemployment, the Labour cabinet maintained that the gold standard was not the cause of chronic unemployment. Some two years later, after the onset of the Depression and the national government coming to office, cabinet recognised that perhaps adherence to the gold standard had been a part of Britain's economic problems, as after a brief downturn immediately following the abandonment of the standard, there had been notable improvements in the British export sector, as well as in international economic confidence. Although the context of ongoing economic events must be taken into consideration when charting this change of opinion, the role of party politics in this regard is, and has been, a compelling topic of further study; notably in Blake's history of the British decline of power, which frames the events of the time almost exclusively in reference to British party politics. TNA: CAB 24/202, CP 53(29), Unemployment, Memorandum, 25 February, 1929., TNA: CAB 24/232, CP 273(32), Fourth Report of the Committee on Economic Information: Survey of the Economic Situation, July 1932, 20 July, 1932., Blake, *The Decline of Power*.

⁸⁴ Winch, *Economics and Policy*, 158-159., Patricia Clavin, *Securing the World Economy: The Reinvention of the League of Nations, 1920-1946* (Oxford: Oxford University Press, 2013), 81.

⁸⁵ Fieldhouse, "The Metropolitan Economics of Empire," 112-13., Kindleberger, *The World in Depression*, 5., Alford, *Britain in the World Economy*, 148. Winch argues that the establishment of a Keynesian system alone was "revolutionary," let alone the repercussions of the abandonment of the gold standard abroad. See: Winch, *Economics and Policy*, 172-174.

The most prominent international policy was a commitment to promoting free international trade. The British commitment to free trade was well entrenched in policy and had become a bastion of British economic orthodoxy since the nineteenth century. The departure from free trade to a protected system employing tariff barriers was a fundamental change in British policy that was unprecedented in its scale. The implementation of the general tariff in 1932 made Britain a protectionist state and precipitated a move from an open world system to a more closed, but not isolated imperial system. However, unlike the abandonment of the gold standard, although British policy had made a significant change with the implementation of a general tariff, the ideas of free trade persisted within the new system, often emerging in debates, caveats, and conditions on imperial trade. The persistence of free trade ideas demonstrates that while significant, this was a temporary policy departure in reaction to the Depression. British policy makers' increasing reversion to free-trade rhetoric in the later 1930s is further evidence for the temporary nature of this shift.⁸⁶ As world economics improved in the late 1930s, the rhetoric of free trade was proportionally reprised, as demonstrated at the 1937 Imperial Conference, when the principle of Commonwealth cooperation to remove international trade barriers was a prominent feature of conference speeches. The more political details of this cooperation as a means to promote appeasement and world peace were the primary subject of discussion, with the bulk of economic considerations relegated to bilateral negotiations.⁸⁷

⁸⁶ The British commitment to free trade had also helped shape the structure of the League of Nations and as a result, when Britain left the gold standard there was no small friction with continental Europe. Thus, as Britain pursued appeasement in the late 1930s, there were also political motivations for returning to free trade. While leaving the gold standard had caused more of a rift with Europe than the imposition of protectionist tariffs, a return to free trade was hoped to ease British relations with continental countries. See: Clavin, *Securing the World Economy*, 64-66, 92, 103.

⁸⁷ Cmd. 5482, "Imperial Conference 1937, Summary of Proceedings, Sections IX, X, and XI," in *Documents and Speeches on British Commonwealth Affairs, 1931-1952*, ed. Nicholas Mansergh, 133-134, 163-178 (London: Oxford University Press, 1953).

C. Imperial Economic Policy

The third main area of British economic policy in the interwar period, and the most important for the purposes of this paper was imperial policy. Imperial economic policies were centred on what Australian statesman Stanley Bruce described as men, money, and markets, or imperial settlement, imperial investment/development, and trade facilitated through imperial preferential tariffs.⁸⁸

The first of these policies, Empire settlement, like domestic land settlement, was one born of the First World War. Originally designed to resettle veterans throughout the Empire, it grew to include the wider British population. Through the 1920s it increasingly became a policy used to relieve unemployment in Britain by exporting the unemployed for agricultural work in the Dominions.⁸⁹ This policy was ambitiously pursued by the British government in the 1920s, and cautiously received by the Dominions depending on the state of their domestic economies. However, by 1932 the policy was still technically in place, but was abruptly curtailed due to worsening economic conditions in the Dominions which greatly lowered, if not destroyed their capacity to absorb new workers. Cabinet recognised the usefulness of Empire settlement to Britain for both its capacity to reduce British unemployment and to promote the cultural homogeneity of the Dominions (thus supporting imperial strategic interests) but the policy was nonetheless abandoned for the duration of the Depression. However, although the policy was

⁸⁸ "Opening Speech by Mr. Bruce," *Imperial Economic Conference of Representatives of Great Britain, The Dominions, India and the Colonies and Protectorates, Held October and November 1923: Record of Proceedings and Documents*, 57-83 (London: His Majesty's Stationary Office (HMSO), 1924).

⁸⁹ Tomlinson, "The Empire/Commonwealth in British Economic Thinking and Policy," 217., Fedorowich, *Unfit for Heroes*, 35.

relegated to the periphery for the worst of the Depression, it was resurrected by 1937 once world economic conditions began to improve.⁹⁰

Imperial development projects and investment in the Empire underwent a similar change with the onset of the Depression. In the 1920s, investment and imperial development projects were actively encouraged and funded by the British government. These investment policies expanded through the 1920s to include the Dominions in addition to the dependent Empire the policy originally engaged. Through the 1920s legislation also expanded to approve a wider array of projects in an effort to boost the British export market. Much like Empire settlement however, imperial investment was technically continued, but declined with the onset of the Depression as the British government faced financial shortages, and sought to encourage domestic investment to support the diversification of British industry.⁹¹ As economic recovery took place in the late 1930s, colonial investment in its earlier manifestation excluding the self-governing Dominions was reintroduced and expanded thereafter.⁹²

The most significant area of Empire policy in terms of interwar economic cooperation was imperial preference. This policy was first reciprocated by Britain to the Dominions during the First World War and was incrementally expanded through the 1920s, particularly after the 1923 Imperial Economic Conference. However, preferential tariffs for the Dominions were always limited and held in subordination to the promotion of international free trade. The British government attempted to balance the two systems throughout the 1920s without offending the

⁹⁰ Edna Bradlow, "Empire Settlement and South African Immigration Policy, 1910-1948," in *Emigrants and Empire: British Settlement in the Dominions Between the Wars*, ed. Stephen Constantine (Manchester: Manchester University Press, 1990), 162., Empire Settlement Act 1937.

⁹¹ The encouragement of domestic investment was arguably the result of Keynes' strong avocation, hence this type of spending later being known as a Keynesian system. See: Winch, *Economics and Policy*, 155.

⁹² TNA: CAB 24/256, CP 157(35), Eighteenth Report of Committee on Economic Information: The Economic Outlook for the Next Few Years, 29 July, 1935., Colonial Development Act 1940., Meredith, "The British Government and Colonial Economic Policy," 487., Constantine, *The Making of British Colonial Development Policy*, 198.

Dominions or foreign trading partners. The Depression definitively showed that free trade would not recover as was hoped in the 1920s, and so in 1932 Britain committed, albeit reluctantly, to a comprehensive system of imperial preference. This shift coincided with the British departure from free trade and the gold standard, and showed that to Britain, the Empire served as a backup to the cosmopolitan economy the government was seeking to rebuild, but was seen as better than total economic isolation.⁹³ The Depression and the slowing of international trade to a near halt forced the British government to shift not only to a closed, tariff based system, but also to increasingly imperial markets, as free trade was no longer an option. This significant reversal of policy continued into the 1930s, but as with the other components of Britain's imperial economic programme, it was gradually reversed as recovery began in the late 1930s, rendering it a temporary policy in reaction to the Depression.

In considering the impact of the Depression in each of the main areas in Britain's tripartite programme of economic policy during the interwar period, it is clear that the onset of the Depression significantly impacted the individual policies within each of the areas. That impact was typically manifested in one of three ways, either causing policies to be discarded, as with the abandonment of domestic land settlement, permanently changed such as the departure from gold-standard currency, or temporarily postponed, such as imperial settlement and investment. In terms of imperial economics, the most prevalent impact of the Depression was postponement of policies for the duration of the crisis. For example, of the three main areas of imperial policy, settlement and investment were put on hold until the late 1930s, while imperial preference was initiated as an ostensibly permanent change, but was later reversed. This demonstrates that the shift from an open to protected economy in a longer-term view was not so much a change, as a

⁹³ Cain and Hopkins, *British Imperialism*, 73, 145., Clavin, *Securing the World Economy*, 81-82.

simple postponement of freer world trade. While all three areas were subordinate to the goals of reviving world trade in order to relieve unemployment in the United Kingdom, the Depression caused expansion and innovation in the domestic area, where nascent welfare policies were developed into systems. In the international sphere, old policies died hard and left traces long after they were removed, particularly the concept of international free trade. Most pertinent to this paper, imperial policy was half-heartedly maintained in the 1920s, and became the area of priority only when no other options were available, and subsequently lost prominence once alternative economic possibilities recovered in the late 1930s.

2. Imperial Policy and Commonwealth Coordination

The movement for a closer imperial unity encompassing political and economic matters had been present in imperial debates in Britain and the Dominions since the late nineteenth-century. Although ideas of an imperial federation had fallen by the wayside by the early 1900s, groups such as the Round Table Movement were still active in advocating for closer imperial relations.⁹⁴ While such groups were not cohesive and generally advocated for ideals that neglected the realities of a diverse Empire, they nonetheless influenced and inspired the imperial visionaries that played such a notable role in imperial politics through the period.⁹⁵ Although in the early twentieth-century the campaign for closer imperial union had less impact in the more diverse area of imperial economics, it had encouraged some increased defence coordination leading up to the First World War.⁹⁶ The exigencies of the War helped solidify this cooperation with the establishment of the Imperial War Cabinet in 1917. Thus, while the Dominions had no say in the initial years of the conflict, by 1917 they had a voice in high imperial policy, and

⁹⁴ John Kendle, *The British Empire-Commonwealth, 1897-1931* (Melbourne: Cheshire Publishing Pty Ltd., 1971), 19.

⁹⁵ Kendle, *The Round Table Movement and Imperial Union*, 156, 301, 304.

⁹⁶ Kendle, *The British Empire-Commonwealth*, 10, 15.

individual representation at the Paris Peace Conference by 1919. The 1917 War Cabinet fostered further cooperation among the emergent Commonwealth, leading to a wartime commitment to further Commonwealth constitutional development in the immediate postwar years.⁹⁷

The 1923 Imperial Economic Conference, however, was the first imperial conference to address economic considerations since the Imperial War Conference of 1917. While there had been a subsequent conference in 1921, it had focused primarily on the constitutional issues arising from the Dominions' war records and had deferred economic issues until 1923. For example, in 1921 many of the delegates chose to discuss how the War had diffused power from London to the Dominions, and the Dominions had earned a new status within the imperial framework. Delegates from throughout the emergent Commonwealth stressed both the benefits of this new status, such as increased power to make their own economic treaties, as well as increased responsibilities such as an obligation to contribute to the costs of imperial defence, especially in regards to the upkeep of the Royal Navy.⁹⁸ In this case commercial rhetoric remained limited, and emphasis was placed on the Dominions as peace-loving democracies, united by a spirit of imperial brotherhood.⁹⁹ The consensus achieved regarding economic considerations at the 1917 Conference was that a system of imperial preference and economic coordination should be pursued with the goal of achieving an economically self-sufficient and thus secure Empire. This resolution was evidently a response to the circumstances of the First World War, and was accompanied by talks on the prohibition of trade with enemy countries, and how that trade could be further controlled.¹⁰⁰ In light of the wartime limitations of foreign trade,

⁹⁷ Ibid., 33-37, 41.

⁹⁸ "The Imperial Conference 1921," in *Speeches and Documents on the British Dominions, 1918-1931: From Self-Government to National Sovereignty*, ed. Arthur Berriedale Keith (Oxford, Oxford University Press, 1961), 46, 47, 50-52, 59-60.

⁹⁹ Ibid., 50-51.

¹⁰⁰ *Imperial War Conference 1917*, 93-96.

discussion of imperial preference was clearly an effort not only to secure supplies for the war-economy, but also to support the export trade on which the United Kingdom relied. This would be achieved by shifting volume of trade away from an increasingly limited world market to imperial trading partners, which would not only ensure continued commerce for the duration of the war, but would also provide a more strategically secure network of trade after the war.¹⁰¹ The 1917 Conference also implemented some infrastructure to this end, with discussion on imperial shipping, the role of the regulatory Board of Trade, and Empire settlement all as further measures to facilitate imperial commerce.¹⁰² True to these resolutions, imperial preference was implemented in the immediate postwar period, not comprehensively, but for a select schedule of goods.¹⁰³ Within the context of these precursory measures, and following the rhetorically amiable, but less economically focused conference of 1921, the Imperial Economic Conference of 1923 convened in London.¹⁰⁴

The resolutions of the 1923 Conference are quite illuminating as to the goals of not only the British delegates facilitating the conference, but also the Dominion representatives. The unique position of India and the dependent status of the Colonial Empire rendered these parties relatively silent at the conference, their representatives supporting the resolutions in principle but not fully participating. In future, the representation of the Colonial Empire would be all but omitted and as previously noted, the differentiation of India rendered its representatives present,

¹⁰¹ *Ibid.*, 101-110.

¹⁰² *Ibid.*

¹⁰³ This was a very limited schedule of goods tied to wartime shortages. Most of these were imported consumables including: tea, cocoa, coffee, wine, spirits, dried fruit, molasses, sugar, tobacco. Non-consumable goods were also limited in scope and included more technical goods from industries that had been converted for the war effort, and were in short supply during reconstruction. These goods included: motor oil, motor vehicles, clocks, instruments and their components, and film. See: Finance Act 1919, Section 8: Second Schedule.

¹⁰⁴ For example, the opening speeches which set the stage for conference discussion dealt primarily with the status of India within the Empire, imperial constitutional relations in the wake of the War, and foreign relations particularly concerning naval arms limitation, which included the potential renewal of the imperial alliance with Japan, diplomacy with the United States, and considerations of imperial defence. See: "The Imperial Conference 1921," in *Speeches and Documents on the British Dominions*, 43-66.

but relatively uninvolved in the resolutions of economic-focused imperial conferences. At this point, the newest Dominion of Ireland and the economically minute Newfoundland also had little to contribute to the final resolutions.¹⁰⁵ The Dominions of Australia, Canada, New Zealand, and South Africa, however made substantial contributions to the proceedings of the conference. As the 1923 Economic Conference was the first peace-time economic conference, it arguably set the standard for subsequent economic conferences in the interwar period. Consequently the active comportment of Australia, Canada, New Zealand, and South Africa, can be expected throughout the various conferences, as can the limited actions of Newfoundland and Ireland, and the altogether separate status of India and the Colonies. The activism of Australia, Canada, New Zealand, and South Africa had roots in both the size and history of these Dominions. These were the largest and most economically developed Dominions leading up to the First World War, each of which furnished a significant contribution to the British war effort in both manpower and materiel. The confidence of economic growth and the pride of wartime accomplishments within the nationalistic context of the period rendered these Dominions particularly active at imperial conferences as they increasingly asserted their capacity for independence.¹⁰⁶

Ultimately, the 1923 Conference resolved to pursue an interlocking programme of increased imperial settlement, long term economic development and investment, increased coordination and trade, economic standardisation, the establishment of an advisory Imperial Economic Committee, and notably, the decision to uphold the preferential tariffs outlined at the 1917 War Conference.¹⁰⁷ These resolutions, while agreed to on the whole, bear the marks of

¹⁰⁵ *Imperial Economic Conference...1923*, 50, 51, 55.

¹⁰⁶ Darwin, *The Empire Project*, 361, 393-395., Kendle, *The British Empire-Commonwealth*, 37.

¹⁰⁷ "Resolutions Agreed to by the Conference," *Imperial Economic Conference...1923*, 13-26.

British policy objectives, as well as echoes of the various Dominions, as per the goals of each delegation outlined in their speeches at the opening of the conference.

Speaking on behalf of the United Kingdom, the conference chairman Sir Philip Lloyd-Greame detailed the variety of economic problems facing the Empire, but stressed that these had been mutually caused by the War. He emphasised the need for Britain to deal with its high unemployment through increased imperial trade, calling on the potential of imperial resources and markets to be tapped. He further called for those efforts to be coordinated in order to get settlers and capital moving to develop the Empire, thus creating markets for British manufacturing, and reciprocally, increasing the British market for Empire goods. This vision of imperial economics was a neat, self-sustaining, and mutually beneficial model of development that incorporated both imperial cooperation and protective tariffs to shelter that cooperation from both internal and external competition. This position is reflective of Lloyd-Greame's membership in the Conservative party, which was in office at the time. As will be seen through the course of this paper, of the major political parties in Britain, the Conservatives would advocate most strongly for a system of protective tariffs implemented in conjunction with a more comprehensive system of imperial trade.

William Lyon Mackenzie-King, speaking for the Canadian delegation, somewhat tempered the preceding speech with the British vision of development, by stating that there were limits to Dominion markets and their capacity to absorb settlers, as well as limits to government intervention in economic growth. However, he echoed that governments could coordinate and remove obstacles to trade, and as his British counterpart, he concluded that economic coordination and goodwill would benefit the whole Empire.

William Massey from New Zealand stressed that while Britain had shifted to an imperial basis for imports during the War, the Dominions had shifted their imports abroad, as British manufacturing had turned from exports to war materiel. Massey proposed that if imports were to be shifted back to Britain from alternative wartime suppliers, full reciprocal preference must be extended to the Dominions from the United Kingdom, as opposed to the nominal reciprocal preferences established at the 1917 War Conference. He concluded that a programme of more imperial settlement, coordination, and preferential tariffs was the key to the Empire's economic success. Jan Christiaan or "General" Smuts of South Africa echoed this sentiment, citing the untapped resource potential of Africa as a waiting boon to Empire trade, simply requiring further white settlement, investment and buyers in other parts of the Empire to unlock its potential.

By far the wordiest of the Dominion representatives was Stanley Bruce of Australia, who outlined the importance of imperial markets and preferential tariffs, as well as outlining a number of proposals which would be discussed in turn by the various conference committees.¹⁰⁸ It is perhaps fitting that Bruce spoke at such length, as his Australian domestic platform of "men, money and markets," precisely describes the goals stated by the delegates as well as the resolutions of the 1923 Conference. Imperial settlement would provide the men, imperial development and investment would provide the money, and a system of imperial preference would provide protected and guaranteed markets. These three main elements formed an interlocking programme of economic recovery, with each part depending on the implementation of the others, at least in theory. As with the 1917 War Conference, supplementary measures were designed to facilitate this programme of recovery. For example, the Dominions were given

¹⁰⁸ "Opening Speeches," *Imperial Economic Conference...1923*, 27-83.

access to British Trade Commissioners in order to facilitate information sharing.¹⁰⁹ Similarly, Britain also advocated for steps to link Dominion currencies to sterling in order to stabilise international finance until such time as the gold-standard could be reintroduced.¹¹⁰ While both of these measures were novel, they did not form the bulk of the discussion, but rather supplemented the previously mentioned programme of men, money and markets. Throughout the conference, there was a strong emphasis on coordination and cooperation for economic improvement. Although a comprehensive system of imperial preference was not implemented, some limited preferences were considered, as well as efforts to encourage Britons to “buy Empire.”¹¹¹ The Imperial Economic Committee concluded that to this end, the conference was a success, having made significant gains in designing a programme of imperial economic development, all the while maintaining a “good spirit of business-like cooperation.”¹¹²

Turning to the 1932 Ottawa Conference nearly ten years later, the picture that emerges is quite different. The results of this economic conference were also generally accepted as a success, however, it is often characterised as a much more tenuous success than the conference of 1923; one historian even going so far as to say that had the weather been any hotter in Ottawa that summer, it is doubtful anything constructive would have been accomplished.¹¹³ In the 1920s, the impact of the War was affecting Britain much more seriously than the Dominions. The onset of the Depression in 1929 greatly changed the economic outlook of the emergent Commonwealth, precipitating crises in each of the most economically active Dominions, namely Australia, Canada, New Zealand, and South Africa. Therefore, the context of the 1932 Ottawa

¹⁰⁹ *Imperial Economic Conference...1923*, 257-258.

¹¹⁰ *Ibid.*, 458.

¹¹¹ The Empire Marketing Board was established in 1926 for this purpose, and worked to encourage increased imperial trade in lieu of a comprehensive system of imperial preference.

¹¹² *Ibid.*, 581.

¹¹³ Drummond, *Imperial Economic Policy*, 220.

Conference was not only high unemployment and reduced trade in Britain, but also in the Dominions. Australia faced problems of credit imbalances and crippling debt which spilled over into New Zealand later into the 1930s.¹¹⁴ Canada, which held financial reserves in New York rather than London, suffered heavily from losses with its greatest trading and financial partner, the United States. South Africa's largely mining based economy felt the effects of the abandonment of the gold standard in 1931, and associated problems of a suffering financial system centred in London.¹¹⁵

Within this context, the delegations at the Ottawa Conference eschewed Empire settlement and development to focus on a comprehensive and reciprocal system of imperial preference as the main subject of negotiations. While some preference had existed previously, most of these tariff concessions were extended by the Dominions to the United Kingdom, and were largely unreciprocated except for a select schedule of goods outlined at the 1917 Conference, and implemented in the Finance Act of 1919.¹¹⁶ In the wake of the Ottawa Conference, Britain would make good on negotiations by extending comprehensive preference to Dominion goods, as well as exempting Dominion products from the general tariff which had been recently implemented with the Import Duties Act of 1932.¹¹⁷ Britain would also approve prohibitions of trade with Russia, as per Dominion requests to ban cheaper Russian imports

¹¹⁴ Apart from a sharp decline in trade, New Zealand was arguably the least affected of the Dominion in the early 1930s, but its links with Australia would later precipitate more severe financial problems in the mid 1930s. This was reflected at the Ottawa Conference, with British delegates noting that of the parties present, New Zealand was the "best behaved." See: Cain and Hopkins, *British Imperialism*, 134-137., and DO 121/61, "Semi-official Correspondence from Sir G. Whiskard (Assistant Under-secretary of State, Dominion Office, and delegate to Ottawa) to Sir E. Harding (Permanent Under-secretary of State, Dominion Office)," August 13-22, 1932, in *British Documents on the End of Empire, Series A, Volume 1: Imperial Policy and Colonial Practice, 1925-1945*, eds. S.R. Ashton and S.E. Stockwell (London: HMSO, 1996), 24-27.

¹¹⁵ For an account of the impact of the Depression in each of the Dominions, see: Cain and Hopkins, "Maintaining Financial Discipline: The Dominions, 1914-39," in *British Imperialism*, 109-144.

¹¹⁶ Finance Act 1919.

¹¹⁷ Ottawa Agreements Act 1932.

which undermined Dominion exports to the British domestic market.¹¹⁸ Recurring themes of commercial coordination, standardisation, and cooperation were prevalent, yet the spirit in which those issues were discussed, and in which the preferential agreements were reached was quite different from the “business-like cooperation” of 1923.¹¹⁹ By all accounts the negotiations were difficult; one British delegate even wrote to his superiors during the conference complaining of Canada and Australia “brutally” dictating their terms of negotiation.¹²⁰ Ultimately, the appearance of the word “negotiation” underscores the different atmosphere to the conferences: whereas 1923 was based on cooperation, 1932 was based on bargaining.

The changed tone between the 1923 and 1932 conferences was perceived by contemporaries, particularly after the beginning of the Depression. As the crisis deepened the coalition cabinet of the new national government in Britain had concluded that the Dominions were “not in a negotiating mood,” and consequently the British delegates should be well equipped for the conference.¹²¹ Cabinet elaborated that failure of the Ottawa Conference to do something to improve trade would be fatal to imperial interests, and as such the British delegation sailed with powers to negotiate, an arsenal of potential concessions, and instructions to not let any agreements fail, even if it meant re-opening seemingly dead-end negotiations.¹²² Among these concessions, some had been designed for the express purpose of providing something for British delegates to concede at Ottawa. The Import Duties Act of 1932, for example, which ended the longstanding British commitment to free trade with the

¹¹⁸ Russian Goods Act 1933.

¹¹⁹ *Imperial Economic Conference at Ottawa, 1932: Summary of Proceedings and Copies of Trade Agreements* (London: HMSO, 1932), 13-18.

¹²⁰ DO 121/61.

¹²¹ TNA: CAB 24/223 CP 234(31) Report of Committee of Economists of Economic Advisory Council, 14 September, 1931.

¹²² TNA: CAB 24/224, CP 228(31), Report by the Cabinet Committee on the Proposed Imperial Economic Conference, 23 November, 1931. Drummond, *Imperial Economic Policy*, 185, 188, 208, 217.

implementation of a general tariff, included provisions to not apply those tariffs to the Dominions until after the Ottawa Conference later that year, effectively leaving the general tariff hanging over the Dominions pending the results of negotiations at Ottawa.¹²³ Further demonstrating the changed British position leading up to the Ottawa Conference was a 1931 report by the Economic Advisory Council's Committee of Economists. This body had been formed in February of 1930 as part of the second Labour government's machinery to resolve unemployment. The Council had its roots in postwar reconstruction and addressed the need for a permanent expert body to advise cabinet on economic matters.¹²⁴ When considering the shift to an imperial based economy, the Committee of Economists informed cabinet that while free trade was desirable and indeed preferable, economic solidarity with the Empire based on a system of imperial preference was better than no trade at all. Consequently, the British position at the upcoming Ottawa Conference would depend on the state of world trade at the time. Should trade begin to improve, there would be less need to cooperate with the Dominions, but if trade did not improve, the British delegation should be ready to offer concessions and forge some agreement towards the improvement of Empire trade.¹²⁵

The significant difference in the mood of the 1923 and 1932 conferences suggests a changed status quo of intra-imperial relations over the course of this period. There had been significant constitutional developments during the near decade between the conferences, but while constitutional developments may have equipped the Dominions to be more negotiation minded, the overall shift from cooperation to bargaining is a change which was a direct result of the Depression.

¹²³ Import Duties Act 1932.

¹²⁴ Susan Howson and Donald Winch, *The Economic Advisory Council, 1930-1939: A Study in Economic Advice During Depression and Recovery* (Cambridge: Cambridge University Press, 1977), 7, 24, 29.

¹²⁵TNA: CAB 24/223, CP 234(31).

Chronological Interwar Policy Analysis

Bearing in mind the various interpretations found in the historiography, whether stressing ideologies and politics, imperial structures, or long-term macro trends, as well as the differences between the imperial conferences of 1923 and 1932, this paper will now review British economic policy through the interwar period. In order to establish a baseline for comparison with the British approach to economics and Empire during the Depression, as well as to situate Depression-era policies within the context of existing British policies and economic troubles, the first section of this analysis will focus on policies from the end of the First World War up to the Wall Street Crash of 1929. The narrative of how British policies began to change with the Depression, and prefaced the shift to imperial economics that occurred at the Ottawa Conference will be the basis of the second part of this section. The third part of this analysis will explore the preparation, debates, and results of the Ottawa Conference and the final section will review the outcomes of the Ottawa Conference and trace its effects into the late 1930s.

While tracing the British economic policies of the period, this paper will also incorporate international, and more pertinently, imperial conferences to demonstrate how British policies were applied externally, and how the Dominions reacted to and engaged with those policies. As discussed in the previous section of this paper, British economic policy during the interwar period was generally designed as an interlocking tri-partite programme for domestic, international, and imperial economic recovery. Each of these economic areas was further defined by policies not necessarily exclusive to each area, but nonetheless tailored to their individual circumstances. Domestically, immediate unemployment relief was pursued with policies for public works projects, agricultural land development, unemployment insurance, and long-term industrial re-organisation. International policies focused on re-establishing gold standard

currency after its abandonment during the War, and freeing up world trade by reducing, if not abolishing tariffs and trade restrictions. Economic policy toward the Empire was best summed up by Stanley Bruce's slogan of "men, money and markets," or a programme of imperial settlement, imperial development and investment, and preferential tariffs. While analysis of the individual policies themselves requires that the overall programme be dissected into its component parts, the periodic focus on international and imperial conferences will help resituate analysis to recall the entire programme within the narrative of the wider period.

1. 1919-1929

The economic narrative of interwar Britain began with a short-lived economic boom immediately following the First World War. After this brief upswing, Britain sank into an economic slump which resulted in a consistently high rate of unemployment that would henceforth be the backdrop to British interwar economic policy. The spectre of domestic unemployment informed most British policies in the interwar period whether domestically, imperially, or internationally oriented. Some historians have argued that during this period, with the threat of war gone, the United Kingdom became inherently isolationist and self-absorbed.¹²⁶ A more holistic approach recognises that this apparent self-absorption was really a function of domestic political pressure, which shaped not only British policy, but also imperial and international policy.¹²⁷ In a sense, the links between the imperial model of governance and the British parliamentary system gave the British electorate an exceptional weight in world affairs as politicians tried to juggle the interests of world trade, or the British Empire, with politics at home. While unemployment was not a new issue in the 1920s, it had grown to a new scale,

¹²⁶ Thorton, *The Imperial Idea and its Enemies*, 188.

¹²⁷ Darwin, *The End of the British Empire*, 10.

which put a great deal of pressure on British politicians to do something about the unemployment situation at home.¹²⁸ To this end, the objectives of British economic policy in the interwar period were on all levels subordinate to remedying domestic unemployment. Commentators at the time were well aware that through its industrialisation Britain's economy had grown along colonial lines. The result was a British metropolitan economy that aside from coal and wool exported mostly manufactured goods; hence the Victorian era characterisation of Britain as the workshop of the world. This industrial economy relied heavily on exports, the market for which had been severely disrupted by the First World War.¹²⁹ Consequently, the goal of reinvigorating international trade became the assumed role of Britain not only internationally in Britain's capacity as one of the world's leading economic powers, but also domestically, as increased trade and exports was the most obvious solution for British unemployment. Thus, restarting international trade and resolving domestic unemployment became the all encompassing goals for British policy-makers after the War.

As the postwar boom deteriorated into economic malaise, domestic legislation began to shift from policies designed to restore a pre-war civilian economy, to legislation under the umbrella of these overriding interwar goals. For example, in 1919 the Restoration of Pre-War Practices Act and the Industrial Courts Act provided the legal channels for industry owners to recover factories and assets nationalised for the war effort, and a court system to settle any disputes arising from the process.¹³⁰ Such acts focused on converting industry back to pre-war standards. In the same year, legislation relating to unemployment and public works made no

¹²⁸ Constantine, *Unemployment in Britain Between the Wars*, 2., Constantine, *The Making of British Colonial Development Policy*, 90.

¹²⁹ Douglas H. Smith, *The Economics of Empire Trade* (London: George Routledge & Sons Ltd., 1930), 46-47., André Siegfried, *England's Crisis*, trans. H.H. Hemming and Doris Hemming (London: Jonathan Cape, 1931), 25, 36.

¹³⁰ Restoration of Pre-War Practices Act 1919, Industrial Courts Act 1919.

mention of extenuating circumstances, and were only modified that year in a maintenance capacity, with funding adjusted according to inflation.¹³¹ The declining British economy and accompanying rise in unemployment was reflected in those acts over the following two years, which saw not only an adjustment to the previous Unemployment Act, but also several iterations of the Unemployment Insurance Act, and the further expansion of unemployment-related legislation to extend benefits to an increasingly affected population. These new and adjusted acts expanded funding for unemployment insurance not only in response to inflation, but also to meet increased demand, and included increases to available benefits as well as wider eligibility for workers, women, youth, and dependants.¹³² Acts to provide loans for public works projects were equally prevalent in early 1920s legislation, and also shifted from a maintenance footing during the initial years of postwar upswing, to increased emphasis on unemployment relief.¹³³ The changing substance and frequency of such legislation is particularly illustrative of the gravity of the unemployment problem in 1920s Britain, and underscores why responding to unemployment became such an all-consuming mandate for governments across party lines.

Britain's accompanying international policy commitment to restoring gold-standard based free trade was particularly evident in its dealings with the League of Nations. While an analysis of the regular sessions of the League of Nations is beyond the scope of this project, the 1922 International Economic Conference, organised by the League, is a good access point to viewing British international economic policy in practice.¹³⁴ This particular conference was convened to address the economic reconstruction of Europe in the wake of the First World War.

¹³¹ National Insurance Act 1919., Public Works Loans Act 1919.

¹³² Unemployment Act 1920., Unemployment Insurance Act 1920., Unemployment Insurance Act 1921., Employment of Women, Young Persons and Children Act 1920., Unemployed Workers' Dependents Act 1921.

¹³³ Public Works Loans Act 1920., Public Works Loans Act 1922., Local Authorities Act 1921., Harbours, Docks, and Piers Act 1920.

¹³⁴ Patricia Clavin offers a comprehensive review of League economic policy during the interwar period in: Clavin, *Securing the World Economy*.

While delegations from the British Dominions were present at the conference, and represented a sizable contingent of the members of various committees, their voices are all but absent from the conference record, ostensibly being in accord with the British delegation and therefore not independently voicing their national positions, except during private meetings of the British Empire delegation itself.¹³⁵ This silence of the Dominions in the conference records makes it all the more probable that we can detect the British economic aims in the resolutions of the conference through the added preponderance of Dominion support for British propositions, in addition to the stated unanimity of the conference commission reports.¹³⁶ This silence is also an interesting attestation to the subordination of imperial concerns to world economic reconstruction, as many of the conference resolutions would be at odds with establishing an imperial trading bloc. For example the conference's Committee on Economics unanimously called for a return to pre-war trading patterns, with progress towards free trade and as few tariffs as possible.¹³⁷ The conference's Committee of Finance supplemented this call for a return to the pre-war status quo by calling for stable currency based on an international gold standard as the first step to economic reconstruction.¹³⁸ A recurring theme in the discussions and conclusions of the conference was British support for stable gold-based currency and freer international trade.¹³⁹

Writing in 1919, British economist Herbert Foxwell aptly summed up the general direction of British international economic policy in the immediate post-war years. Foxwell

¹³⁵ For example, see: Cmd. 1667, *Papers Relating to International Economic Conference, Genoa, April-May, 1922* (London: HMSO, 1922).

¹³⁶ This could also have to do with British preponderance in senior positions of the League's secretariat and dominance of the Economic and Financial Organization. Clavin, *Securing the World Economy*, 15, 54.

¹³⁷ Cmd. 1667, *Papers Relating to International Economic Conference...1922*, 69-80.

¹³⁸ *Ibid.*, 10, 62-65.

¹³⁹ C 5764/458/62, Draft Minutes of the First Conference of the British Empire Delegation, Genoa, 10 April, 1922, in *Documents on British Foreign Policy, Volume XIX, 1919-1939*, eds. W.N. Medlicott, Douglas Dakin, and M.E. Lambert, 332-334. (London: HMSO, 1974)., See also: Minutes of First Plenary Session of the Genoa Conference, 10 April 1922, in *Documents on British Foreign Policy, Volume XIX, 1919-1939*, eds. W.N. Medlicott, Douglas Dakin, and M.E. Lambert, 334-358 (London: HMSO, 1974).

noted that the age of laissez-faire capitalism was coming to an end, and that governments needed to take on a more active economic role.¹⁴⁰ However, he stated further that there were limitations to government economic involvement, especially at an imperial level, going so far as to call state-run economic blocs dangerous, as they facilitated the creation of monopolies and fostered the predatory competition that helped cause the First World War.¹⁴¹ Yet Foxwell also recognised the benefits of defence and financial security associated with an imperial bloc, and thus argued for an imperial financial bloc to provide a stable currency on which to base free and fair competition in global trade, in a sense advocating for a post-war re-evaluation of Victorian gentlemanly capitalism.¹⁴² This system would incorporate the Empire as a component of a wider world economic system, allowing the benefits of its security to be enjoyed, without allowing it to become too powerful. Much like Foxwell's recommendations, although limited imperial preference was initiated in 1919 as per wartime agreements, and the subject remained at the forefront of imperial relations, efforts to restart international free trade became, and remained a much more significant preoccupation for British policy makers in the 1920s.

The British preoccupation with international free trade is not to say that limited imperial economic developments were altogether undesirable. Although an imperial economic bloc could be dangerous as outlined by Foxwell, there were nonetheless security benefits associated with The Empire, as well as its potential use to facilitate the recovery of world trade; again subordinating the Empire to the overarching goal of resolving British unemployment. Thus, while a programme of imperial trade might be sacrificed in favour of international free trade, an imperial financial bloc could maintain some of the economic cooperation fostered during the

¹⁴⁰ H.S. Foxwell, *Papers on Current Finance* (London: Macmillan and Co., 1919), 84.

¹⁴¹ *Ibid.*, 92-93.

¹⁴² *Ibid.*, 83, 280.

War, as well as further promote international trade. In this way, with some concession on the part of imperial trade, policies of imperial and international economics could be reconciled within the overarching goals of British economic policy.

The subordination of imperial economics in the 1920s is all the more evident when considering policies directly related to the Empire. Imperial economic policy in the 1920s was largely built on precedents established during the First World War.¹⁴³ Imperial preference, the practice of extending preferential tariff rates to Empire countries, whether between the various Dominions and colonies, or more frequently, between these and the United Kingdom, was not a new idea, having been discussed in various iterations since the Colonial Conference of 1897. However, while some preferential tariffs did exist within the Empire, most of these were extended by the Dominions to the United Kingdom, and it was not until the First World War that imperial preference was implemented in reciprocity from the United Kingdom to the Dominions.¹⁴⁴ The Imperial War Conference of 1917 saw the initiation of a limited system of imperial preference with some new preferential rates extended from the United Kingdom to the Dominions. These preliminary preferences were designed to be implemented in conjunction with a programme of Empire settlement in order to increase the amount of prospective consumers benefitting from the preferential trade rates.¹⁴⁵ This initial programme of increased trade and settlement was born out of the War as a prospective solution to unemployment as soldiers were demobilised, and was intended to deepen existing channels of imperial exchange, rather than create new ones. British policy makers recognised these potential commercial benefits, and

¹⁴³ Research Committee of the Economic Science and Statistics Section of the British Association, *Britain in Recovery* (London: Sir Isaac Pitmann & Sons Ltd., 1938), 136.

¹⁴⁴ A point which Canadian delegates were proud to bring up at imperial conferences, for example see: "Opening Speech by Mr. Mackenzie King," *Imperial Economic Conference of Representatives of Great Britain, The Dominions, India and the Colonies and Protectorates, Held October and November 1923: Record of Proceedings and Documents* (London: His Majesty's Stationary Office (HMSO), 1924), 37.

¹⁴⁵ *Imperial War Conference 1917*, 114.

calculated further advantages of not only increased trade, but also closer cooperation, and a better sense of security brought about by a more homogenously British Empire.¹⁴⁶ From its wartime idealistic origins, the financial encouragement of Empire settlement would soon go beyond support for emigrating veterans to a wider imperial vision that could be applied to any interested British citizens.¹⁴⁷ By 1920 funding had been approved for the British Empire Exhibition in order to promote Empire trade and settlement, and in 1922 The Empire Settlement Act formalised the program of assisted emigration in coordination with Dominion, as well as colony and protectorate governments.¹⁴⁸ While investment for imperial development was not a feature of these initial war-time ideas of coordinated settlement and trade, it is easy to see how imperial investment and development would supplement such a programme. Some imperial visionaries saw these ideas as the opportunity to establish an economic union of the Empire or at least an imperial trading bloc in preparation for some future political union.¹⁴⁹ However, the reality was that free trade had grown so important to the export-oriented British economic system that economic union of the Empire would prove too unwieldy in a long-term sense, let alone for the quick reconstruction needed to combat rising unemployment in the immediate postwar years.¹⁵⁰ Consequently, British economic policy in the 1920s would focus less on the wartime goal of establishing an imperial trading bloc than it would on restarting world trade more generally.

¹⁴⁶ Constantine ed., *Emigrants and Empire*, 6.

¹⁴⁷ Drummond, *Imperial Economic Policy*, 84. TNA: CAB 24/159, CP 137(23), Special Report on Unemployment No. 86: Period ended February 23, 1923, March 1923.

¹⁴⁸ British Empire Exhibition Act 1920., British Empire Exhibition Act 1922., Empire Settlement Act 1922., *Imperial Economic Conference...1923*, 138.

¹⁴⁹ Walter Phelps Hall, *Empire to Commonwealth: Thirty Years of British Imperial History* (New York: Henry Holt and Company, 1928), 167-169.

¹⁵⁰ *Ibid.*, 197.

In terms of imperial development policy, largely based on investment, the general preoccupation with world, rather than imperial economics is also reflected in the years following the First World War. For example, the Overseas Trade Act of 1920 guaranteed loans to non-imperial countries for the express purpose of boosting international trade.¹⁵¹ While this act originally excluded the Empire, the next year it was retroactively modified to include the Dominions and colonies, suggesting that Empire trade may have been an important consideration to British policy makers, but their first consideration was resumption of pre-war international trading patterns.¹⁵² The extension of the Overseas Trade Act, as well as the Trade Facilities Act to colonial development projects was largely unsuccessful in terms of the development it sought to encourage, and it was not until the 1929 Colonial Development Act that a programme of loans was legislated to expedite development exclusively in the British colonies.¹⁵³ Both international efforts to boost trade, as well as later legislation on colonial development were couched in terms of their impact on relieving British unemployment. This was largely due to the growth such trade would encourage in the British export economy.¹⁵⁴ It was only when international trade failed to rebound, thereby leaving the domestic problem of unemployment unresolved, as well as complicating British access to resources from abroad, that colonial development was pursued more earnestly. Political pressure at home demanded something be done about the ongoing

¹⁵¹ Overseas Trade Act 1920.

¹⁵² Overseas Trade Amendment Act 1921.. More loan guarantees were included in: Trade Facilities Act 1921., Trade Facilities & Loans Guarantee Act 1922.

¹⁵³ Constantine, *The Making of British Colonial Development Policy* 112., Colonial Development Act 1929.

¹⁵⁴ Colonial development policy also had the potential to provide for the strategic self-sufficiency that had featured prominently in wartime, and immediate postwar rhetoric about creating an imperial economy. The slackening of these imperial development policies during the Depression suggests that this policy was postponed, and later reprised for both its ineffectiveness at reducing British unemployment, as well as for strategic considerations. See: Constantine, *The Making of British Colonial Development Policy*, 112., Drummond, *Imperial Economic Policy*, 35.

economic downturn, again demonstrating that imperial concerns were secondary to world economics and tertiary to British unemployment.¹⁵⁵

To return to the initial example of the Imperial Economic Conference of 1923 in light of the direction of British economic policy in the early post-war years, the ostensive cooperation and resolve to increase Empire trade seems remarkable considering the British preoccupation with world, rather than imperial economics. However, in the discussion records of the conference, it is plain that Dominion delegates were aware of Britain's domestic economic situation, and given that Britain was in crisis the British government would take any measures necessary to get out, even if those measures were not immediately beneficial to the Empire.¹⁵⁶ Dominion delegates further recognised that the Dominions needed British markets, and as such, while still prioritising a programme of wider world trade Britain could still offer something for Dominion cooperation with the promise of secure imperial self sufficiency, in addition to the 1917 system of limited preferential tariffs that would ensure some access to British markets.¹⁵⁷ Consequently, Dominion leaders were prepared to accept a limited programme of imperial economics in order to allow Britain to pursue the most expedient path to economic recovery, all the while preparing to help overcome free-trade hold-outs in the British government that were preventing a more comprehensive imperial economic programme from being developed in the long-term.¹⁵⁸ It was argued that economic crisis required imperial cooperation and furthermore, as the crisis was affecting the mother country but not the Dominions, it was consequently the duty of the Dominions to assist the United Kingdom as much as possible for the sake of their

¹⁵⁵ Meredith, "The British Government and Colonial Economic Policy," 486.

¹⁵⁶ *Imperial Economic Conference...1923*, 217.

¹⁵⁷ *Ibid.*, 218-219, 225-226, 238.

¹⁵⁸ *Imperial Economic Conference...1923*, 225. This also brings to mind Capie's argument that tariffs were a long term Conservative project and Fieldhouse's argument that such a protectionist project could not be realised until the worst of the Depression. See: Capie, *Depression and Protectionism*, 45. D.K. Fieldhouse, "The Metropolitan Economics of Empire."

own economic positions and shared British sentiment.¹⁵⁹ Using this rhetoric throughout the conference, delegates expressed their desire to maintain cooperation rather than bargaining, yet when discussing potential increases to imperial preference, it was resolved that should any additional preferences be enacted, they would be bilaterally negotiated between the United Kingdom and individual Dominion governments on a case-by-case basis.¹⁶⁰ Ian Drummond has argued that such a system of bilateral negotiations was inherently divisive, and indeed, by relegating such negotiations to bilateral talks it could be argued that the conference maintained a spirit of cooperation rather than bargaining by simply not bargaining at the conference.¹⁶¹ However, the relative success of the conference and continuing economic coordination in the following years suggests that for the time being, even when such bargaining took place, the conditions and policies of the time prevented negotiations from being as “brutal” as they would seem at the Ottawa Conference.

If there was division among the self-governing parts of the Empire in the 1920s, it was not strongly manifested in the economic sphere. British economic policy remained remarkably consistent, with a programme aimed at combating unemployment at home and expanding Empire trade as a subsidiary of expanded world trade abroad. Should there be a conflict between Empire and world trade, policy makers attempted to strike a balance between the two, but would ultimately defer to the latter in case of conflict, or attempt to ignore the problem. For example, in the wake of the 1923 Economic Conference the British cabinet debated the merits of extending further preferences to the Dominions, in this case for fruit and sugar, and whether further preference would cause tax losses for colonial producers, or would expand markets in the

¹⁵⁹ *Imperial Economic Conference...1923*, 225.

¹⁶⁰ *Ibid.*, 175, 248.

¹⁶¹ Drummond, *British Economic Policy and the Empire*, 113., See also: Roy Douglas, *Liquidation of Empire: The Decline of the British Empire* (Houndmills, Palgrave Macmillan, 2002), 16.

Dominions. The question of protecting British and colonial producers, or allowing intra-imperial competition was also heavily discussed. Ultimately, when these complications arose the cabinet agreed to do nothing, calling for a maintained status quo which liberally interpreted the agreements of the 1923 Conference and limited financial commitment to the Empire.¹⁶² Over the next several years, this dichotomous policy continued, with British policy simultaneously moving, at least rhetorically, toward increased Empire trade as well as increased international free trade. Legislation slowly implemented some extensions to imperial preference, but remained non-committal. It was not until 1924 that the Secretary of State for the Colonies was approved to proceed with the preferential recommendations of the 1923 Conference, and it was not until 1925 that the preferential tariffs were finally implemented.¹⁶³ Yet the same year also saw an increase in certain industrial tariffs, which were recognised as counter to the spirit of imperial preference, yet implemented for the sake of protecting British industry, accompanied with the clarification that the tariffs were for specific industries only, and were not meant to challenge the system of imperial preference.¹⁶⁴ Similarly, while the Dominions were included as eligible recipients of the increased funding available for trade development loans in the mid 1920s, such loans had been available to foreign countries since 1920 and to the dependent colonial Empire since 1921.¹⁶⁵ It is worth noting that the tardiness of implementing even these limited imperial preferences could be the result not only of a generally non-committal Britain, but also the result of British party politics at the time. After the fall of the war-era coalition government, a shaky Conservative government took office in October of 1922, only to be replaced by Labour in January of 1924, before the Conservatives rallied to win a large majority that October. The governmental changes

¹⁶² TNA: CAB 23/46, CP 45(23), Conclusions, 2 August, 1923.

¹⁶³ TNA: CAB 23/48, CP 27(24), Conclusions, 15 April, 1924., Finance Act 1925.

¹⁶⁴ Safeguarding Industries Act 1925.

¹⁶⁵ Trade Facilities Act 1924., Trade Facilities Act 1925., Overseas Trade Act 1920., Overseas Trade Amendment Act 1921.

of 1924 could explain the delay in approving and implementing the preferences recommended in 1923. More forcefully suggesting the role of party politics in these delays is the simultaneous implementation of the limited protective tariffs in 1925. With a majority Conservative government in favour of protective tariffs, this is a logical outcome in the wake of the 1924 election.

Into the mid 1920s, British domestic policy retained its focus on public works and unemployment countermeasures, with cabinet discussion in each government styling the policies of Empire settlement and investment as a remedy for unemployment to be coordinated by the unemployment office, rather than the foundations of a secure financial or strategic bloc under the supervision of the Treasury or Colonial Office.¹⁶⁶ Funding for unemployment insurance was increased as well as expanded to conditionally include more of the unemployment population on a temporary basis.¹⁶⁷ Public works funding was somewhat reduced leading up to 1925, reflecting the cabinet's conclusion that relief through public works projects could only be a temporary measure while waiting a more full recovery of the export market.¹⁶⁸ There was no doubt optimism that restoration of the gold standard in 1925 would boost British industrial recovery and thus, funding cuts to public works and relief work programmes in 1924 and 1925 would not be detrimental to the unemployment situation.

The restoration of the gold standard in 1925 was a significant step toward a renewed pre-war model of free international trade, which had repercussions not only in foreign branches of

¹⁶⁶ For examples of imperial concerns considered under the umbrella of unemployment, see: TNA: CAB 23/45, CP 9(23), Conclusions, 14 February, 1923., TNA: CAB 23/46, CP 3(24), Conclusions, 11 January, 1924., TNA: CAB 23/48, CP 33(24), Conclusions, 21 May, 1924., TNA: CAB 24/159, CP 137(23)., TNA: CAB 24/161, CP 370(23) The Budget Situation 1923/24, Memorandum, 31 July, 1923., TNA: CAB 24/181, CP 313(26), Special Report on Unemployment No. 131: June Quarter 1926, 13 August, 1926.

¹⁶⁷ See Unemployment Insurance Act 1923., Unemployment Insurance Act 1924., Unemployment Insurance Act 1925.

¹⁶⁸ Public Works Loans Act 1924., Public Works Loans Act 1925., Roads Improvement Act 1925., TNA: CAB 23/47, CP 18(24), Conclusions, 5 March 1924.

British economic policy, but also in its domestic and imperial branches.¹⁶⁹ The gold standard had been one of the hallmarks of British financial superiority in the pre-war era, and promised to boost the flagging economy and give Britain the economic power required to get world trade moving again. Even under a protection-inclined Conservative government, restored financial power was an outcome which could be applied to both open and closed economies, and would arguably help resolve the politically important issue of unemployment. This financial restoration demonstrated that in spite of party interpretations or opposition of some economic analysts, notably Keynes, a sizable part of the government continued to adhere to the pre-war economic orthodoxy of gold standard currency and open markets as the proper and natural state of capitalism.¹⁷⁰ As Stephen Constantine has argued, in the 1920s this economic orthodoxy won out against the proposed imperial economy, rendering the Empire an attractive and visionary solution to British and world economic woes, but one which had little actual effect on policy.¹⁷¹

Throughout the 1920s there was a gap between the rhetoric of imperial economics, and the reality of actual policy.¹⁷² However, in spite of the subordination of the imperial economy, economic issues did not seem to have an adverse effect on imperial economic relations at this point. Cabinet had maintained the position that boosting imperial trade would be beneficial for all parties, even if to a lesser degree than world trade.¹⁷³ As in 1923, the Dominions agreed that even if a full imperial economic system could not be developed while Britain was in recovery, increased imperial trade should nonetheless be pursued as much as possible. At the next imperial conference in 1926, it was unanimously agreed that the work begun in 1923 for increased trade

¹⁶⁹ Gold Standard Act 1925.

¹⁷⁰ Darwin, *The Empire Project*, 372., Keynes opposed the restoration of the gold standard, arguing in his 1923 work, *A Tract on Monetary Reform*, that its inflationary effects would reduce wages and increase unemployment, thereby undermining economic confidence. Cited in: Constantine, *Unemployment in Britain Between the Wars*, 56.

¹⁷¹ Constantine, *Unemployment in Britain Between the Wars*, 55.

¹⁷² Drummond, *British Economic Policy and the Empire*, 42.

¹⁷³ TNA: CAB 23/50, CP 44(25), Conclusions, 7 August 1925.

and economic cooperation was going well and that increased trade should be the continued goal of imperial economic coordination.¹⁷⁴ As such, it was concluded that a separate conference dedicated to economics as in 1923 would not be necessary after the 1926 Conference.¹⁷⁵

This level of commitment to economic cooperation, in spite of British subordination of the imperial economy is likely the result of two main factors. First is that since the exponential growth of the Empire in the late 19th century, intra-imperial trade had already been growing within the pre-war context.¹⁷⁶ Consequently, although with fewer benefits for the Dominions due to wholly unreciprocated preferential tariffs, imperial economies had nonetheless been converging even within the free-trade based pre-war economy.¹⁷⁷ This convergence was largely due to the nature of the pre-war colonial system. As Foxwell noted “trade follows the flag.”¹⁷⁸ Capie elaborates this statement by arguing that capital flows, trade and financial balances, tariff preferences, and a common British sentiment all contributed to a converging imperial economy, which would be further brought together by the demands of the First World War.¹⁷⁹ In the pre-war colonial economic model, the colonies provided primary resources to the metropole, rendering prewar economic convergence logical, even in the case of the self-governing Dominions. As the British manufacturing and export economy grew, so too did the predominantly resource-based economies of the Dominions, rendering imperial economic interests complementary. However, this colonial model could only function if colonial economies were subordinate to the metropole.¹⁸⁰ The growth of Dominion manufacturing economies, particularly during the First World War, led to potential competition with British

¹⁷⁴ *Imperial Conference 1926*, 40-42.

¹⁷⁵ *Ibid.*, 48.

¹⁷⁶ Capie, *Depression and Protectionism*, 20., Drummond, *Imperial Economic Policy*, 35.

¹⁷⁷ Watson, *Empire to Commonwealth*, 17.

¹⁷⁸ Foxwell, *Papers on Current Finance*, 99.

¹⁷⁹ Capie, *Depression and Protectionism*, 23-40.

¹⁸⁰ Gallagher, “The Decline, Revival and Fall of the British Empire,” 80.

manufacturers as the Dominion sought to nurture these industries in the postwar years. Furthermore, British assumptions about the complementary nature of imperial economics, and the subordination of Dominion economies later caused considerable friction during the Depression. However, in the 1920s the trend of pre-war economic convergence, coupled with the wartime height of imperial sentiment arguably contributed to continued imperial economic cooperation. Even if the ideas of a more secure, self-sustaining, and mutually beneficial imperial economy were unattainable in the 1920s, a return to the pre-war status quo would still provide some growth in imperial trade, which while far short of the wartime ideals, was better than no growth whatsoever, and was therefore a British policy direction which the Dominions could support for the time being.¹⁸¹

A second factor contributing to the lack of economic discord was, in this case the concentration of disagreement in the political and constitutional arenas. Without committing this paper to a full political review of the interwar period for reasons of scope, the distinction between economic and politico-legal spheres warrants a short case study to illustrate the dichotomous effects of imperial economic and political policies. To this end, the Chanak Crisis of 1922 is a useful example of the interplay between economic and political factors. This war-scare between Turkey and Britain, during which Canada and South Africa had refused to support a British consideration of war, opened questions of imperial unity and constitutional authority for such declarations. While the 1923 Imperial Conference had already been dedicated to discussing economic concerns, the repercussions of the Chanak Crisis were still evident when imperial

¹⁸¹ In 1930, Douglas Smith argued that increasing Empire trade demonstrated the success of Joseph Chamberlain's policies of Empire unity, which had set the stage for increased economic cooperation after the War, resulting in a 27.4% increase in the value of imperial trade from 1913 to 1930. He also argued that a self-sufficient imperial economy would be strategically beneficial and technically possible, but would not fill the future needs of Britain and would be less efficient than free world trade. Therefore, he argued for a middle ground of long-term imperial coordination that fostered cooperation rather than union. Smith, *The Economics of Empire Trade*, 27, 132-134, 144, 154.

delegates next convened in 1926.¹⁸² This conference had an extensive focus on constitutional and legal concerns, with the report of the Inter-Imperial Relations Committee prominent and lengthy among the conference papers. This report recognised the unique political and cultural circumstances of the various parts of the Empire, and concluded that it would be impossible to create a constitution for the whole Empire. Therefore, the unity of the Empire was based not on the presence of a constitution, but on mutual loyalty to the crown, and a foundation of shared positive ideals rather than negotiations.¹⁸³ The report concluded with a definition of freely-associated, legally-equal, self-governing states which would later be reaffirmed as the Balfour Declaration which unofficially laid the foundations of the Commonwealth.¹⁸⁴

While the Chanak Crisis arguably unleashed this chain of legally divisive intra-imperial political developments, imperial economic cooperation remained remarkably consistent.¹⁸⁵ In spite of the political division over the 1922 Chanak crisis, the economic conference of 1923 was largely successful, and the conference of 1926 saw no reason to modify the resolutions of 1923 save to verify and encourage them.¹⁸⁶ Furthermore, at the World Economic Conference in 1927, much like at the 1922 Genoa Conference, the British programme of economic recovery is echoed

¹⁸² This is not to say that there was no impact in 1923. While all the delegations agreed for more economic cooperation, the Canadian delegates, for example, stressed government intervention within prescribed limits, agitated for developing their own economic networks, and opposed any permanent central authoritative body for economic coordination, demonstrating an overall commitment to coordination, but suspicion of British authority. See: *Imperial Economic Conference...1923*, 34-35, 260, 573. Also, cabinet did not circulate the conference preparatory documents relating to inter imperial relations until the conference itself, whereas economic docs were distributed well in advance. See: TNA: CAB 24/180, CP 224(26), Imperial Conference, 1926, Documents Committee Report, 4 June, 1926.

¹⁸³ "Report of the Inter-Imperial Relations Committee," in *Imperial Conference 1926*, 12.

¹⁸⁴ *Ibid.*

¹⁸⁵ Blake, *The Decline of Power*, 98.

¹⁸⁶ This is exceptional considering the political fallout of the Chanak crisis, and that Britain had sacrificed some Dominion preferences to extend preference to Greece and thereby bolster their strategic position at the time, thereby undermining imperial economic cooperation. As previously mentioned, the repercussions of this crisis led to no small suspicion of authority among the Dominions at the 1926 Imperial Conference the year before the accord seen in 1927. TNA: CAB 23/46, CP 45(23).

in the conference report, which called for the removal of tariffs and a return to free trade.¹⁸⁷ Also reminiscent of British policy was reference to the main obstacles to economic recovery being the reduced flows of labour, capital and goods, much like the men, money and markets of imperial terminology.¹⁸⁸ Some imperial bloc-voting on these resolutions was possible as had been in the case with the ever-present, but ever-silent imperial delegates of 1922. However, at the 1926 Imperial Conference the previous year, with all its rhetoric of Dominion equality and free association, it had been stated that the Dominions had the right to individual representation at international conferences, and many were present the following year at the World Economic Conference.¹⁸⁹ Thus, by 1927 the Dominions were much less obliged by tradition to follow the British lead as in 1922, yet the strong association of British economic rhetoric and the final report of the World Economic Conference suggest that the British programme did receive strong support at the conference.¹⁹⁰

From the end of the First World War to the eve of the Depression, the Dominions' desire to help the mother country, a 'better than nothing' British attitude toward imperial trade, the confinement of discord to the constitutional arena, and the British approach of juggling imperial, international and domestic policies were all at play in imperial economic policy and coordination. These factors were brought to bear on policy aimed at the twin goals of resurrecting pre-war style world free trade and relieving domestic unemployment in Britain. These factors influenced British, and by extension imperial economics in the 1920s, but had little impact on imperial economic relations. British economic policy in the late 1920s upheld the

¹⁸⁷ *The World Economic Conference 1927: Final Report* (Geneva: League of Nations, 1927), 18-19.

¹⁸⁸ *Ibid.*, 13, 18.

¹⁸⁹ *Imperial Conference 1926*, 20., South Africa, Australia, Canada, India, The Irish Free State, and New Zealand each sent their own delegations to the conference. See: "Annex IV: List of Members of the Conference," in *The World Economic Conference 1927: Final Report* (Geneva: League of Nations, 1927): 58-76.

¹⁹⁰ Dominion support of free trade resolutions is verified in: Arnold J. Toynbee and V.M. Boulter, *Survey of International Affairs 1929* (Oxford: Oxford University Press, 1930), 95.

status quo of previous years, without significant changes to key pieces of legislation. For example, in the domestic sphere, the Unemployment Insurance Act and Public Works Loans Act were adjusted for inflation and consolidated in 1928 and 1929, but no significant changes were made to their substance.¹⁹¹ Similarly, in regards to investment, the Overseas Trade Act and the Development Act of 1929 provided loans for international and domestic development respectively, and the Colonial Development Act established a similar programme of development-oriented investment in the colonial Empire.¹⁹² All of these efforts sought to jump-start global trade, as per the goals of British economic policy since the end of the First World War, and as reaffirmed at the 1929 World Economic Conference.¹⁹³ As this programme was pursued in the 1920s, while there was some political division within the self-governing Empire, their economic coordination continued to receive support in spite of the half-hearted commitment of the British government. Even as the Depression began in the United States in late 1929, until the end of that year the British government remained committed to supporting the British commitment to free trade, while simultaneously increasing imperial economic coordination and rhetorically committing to building up an imperial economy. This dichotomous system had seen some imperial economic growth in the past, but did not account for reciprocal preferential benefits to the Dominions, and was not conducive to creating a self-sufficient Empire, nor an effective imperial economic bloc, as per the wartime ideas of the direction of imperial economic cooperation.¹⁹⁴

¹⁹¹ Public Works Loans Act 1928., Unemployment Insurance Act 1928., Unemployment Insurance Act 1929.

¹⁹² Overseas Trade Act 1929., Colonial Development Act 1929., Development Act 1929.

¹⁹³ Toynbee, *Survey of International Affairs 1929*, 103.

¹⁹⁴ TNA: CAB 24/207, CP 370(29), Trade Outlook, Memorandum, December 1929., Toynbee, *Survey of International Affairs 1929*, 94-95, 110, 200.

2. Depression

British economic policy, with its tri-partite programme of international, imperial and domestic goals centred on fostering world trade to relieve domestic unemployment, would be significantly altered with the arrival of the Great Depression; changing the nature of that programme as well as the nature of imperial economic cooperation. As the global economy felt the domino effect of economic collapse in the United States, and later continental Europe, the need to take measures beyond the standard policies of the 1920s became increasingly serious as it was realised that domestic pressures were now, more than ever, overcoming international sentiment encouraging free-trade.¹⁹⁵ Some historians employing a long-term view have characterised the Depression as a slump, or worsening of the economic downturn already being experienced in Britain, rather than a new crisis in its own right.¹⁹⁶ This interpretation is true in regards to the British domestic economy which had been in crisis for most of the 1920s. However, as the crisis escalated, it did have strong effects in Britain. Cabinet discussions from the time demonstrate that while the Depression had a delayed impact between its origins in America and its repercussions in Europe, it was nonetheless a fresh crisis.¹⁹⁷ Considering the impact of the Depression on the Empire more widely, it was indeed a new crisis, not only in regards to Britain's capacity to meet the economic demands of the Empire, but also in regard to the operation of the Empire as a whole.¹⁹⁸ Whether out of loyalty to the mother country or the

¹⁹⁵ Capie, *Depression and Protectionism*, 5.

¹⁹⁶ Alford, *Britain in the World Economy*, 151.

¹⁹⁷ For example, memoranda on Britain's trade outlook through 1930 demonstrate a slide from an optimistic view in January, to uncertainty by March, and outright pessimism by July. See: TNA: CAB 24/209 CP, 24(30), Trade Outlook, Memorandum, 30 January, 1930., TNA: CAB 24/210, CP 84(30), Trade Outlook, Memorandum, 8 March, 1930., TNA: CAB 24/213, CP 224(30), The State of Trade as Reported at or to the Meeting of the Board of Trade Advisory Council, Memorandum, 7 July, 1930. Further evidence of a fresh crisis was the fall of the Labour government as a result of the Depression hitting Europe and the accompanying financial crisis. See: Blake, *The Decline of Power*, 149.

¹⁹⁸ Darwin, *The Empire Project*, 431.

promise of future benefits once Britain recovered, in the 1920s Britain's policies were still supported by the Dominions. This support was in spite of the dichotomous nature of imperial policy which remained an idealistic and ever-present part of Britain's economic programme, yet was continually subordinated to policies working towards world free trade, which was often at odds with a self-supporting imperial economy and provided no reciprocal advantages for the Dominions. The dispersal of this spirit of cooperation by the time of the Ottawa Conference in 1932 was a direct result of the Depression and its Empire-wide impact.

The impact of the new crisis was delayed by some six months, during which the initial reaction of the newly elected Labour government in 1929 was to maintain and expand the policies of the previous decade without altering the composition of the governing tri-partite programme. Given the Labour government's commitment to working class welfare, the continuation and expansion of welfare programmes and continued attempts to restore international trade are not surprising. As the economic situation deteriorated into 1930, domestically the Unemployment Insurance and Public Works Loans Acts saw spending limits raised several times in response to increased unemployment.¹⁹⁹ Local authorities were given increased power to carry out public works projects for unemployment relief, and income tax was not raised that year.²⁰⁰ While these measures were expanded as a temporary solution to mounting unemployment, behind closed doors cabinet concluded that brash short-term spending would only be more costly in the end, and that long term reconstructive plans were needed, including

¹⁹⁹ Unemployment Insurance Act 1930., Public Works Loans Act 1930.

²⁰⁰ Public Works Facilities Act 1930., Finance Act 1930.

the nationalisation of industries, even if such measures potentially caused more unemployment in the interim.²⁰¹

In terms of international policy, the Overseas Trade Act was extended from its 1929 iteration to provide longer term further funding for foreign investments.²⁰² Apart from this extension, most international policies remained in place without modification for the time being. Yet all of these measures, both domestic and international were conventional ones. A prime example of the government's adherence to these older solutions is a scathing review by the Labour cabinet of a Liberal publication on how to solve the unemployment crisis. While framed between these two parties, the review does illustrate the ideas circulating in the British parliament at the time. In the document under the scrutiny of the cabinet, the Liberals called particularly for revived industry not only through public works and trade, but also through an expanded programme of imperial development, which could not be forced on the Empire, but should be cooperation based. The cabinet reviewers noted that the report did well at assessing the current state of economics, but demonstrated a lack of comprehension about the nature of the Empire and the work of the ongoing imperial conference that year.²⁰³ This interpretation of the Liberal proposals illustrates the general position of Labour at the time, which was geared toward internationalist foreign and imperial policy that focused on cooperation with the Commonwealth and League of Nations, as opposed to the development of an in-house imperial economy.²⁰⁴ This position drew from a pre-war Fabian tradition that rejected imperial expansion in favour of decentralised rule and increased imperial efficiency, as well as from post-war currents of new

²⁰¹ TNA: CAB 24/211, CP 134(30), Unemployment Policy (1930) Committee Report, 1 May, 1930., TNA: CAB 23/64 CP, 26(30), Conclusions, 8 May, 1930.

²⁰² Overseas trade Act 1930.

²⁰³ TNA: CAB 24/216, CP 392(30) Observations on the Liberal Proposals for Dealing with Unemployment, 22 November, 1930.

²⁰⁴ Darwin, *The End of the British Empire*, 25., Ashworth, "Rethinking a Socialist Foreign Policy," 30, 45.

internationalism.²⁰⁵ The Labour preoccupation with international cooperation for peace was not meant to overlap with imperial relations, yet nonetheless encouraged the move toward the more decentralised Commonwealth and coordination through the auspices of the League.²⁰⁶ It is therefore not surprising that, in regards to the report in question, the Labour cabinet dismissed the issue of imperial economics as a product of Liberal miscomprehension and an issue already being dealt with at the 1930 Imperial Conference. Several weeks later in a publication designed to respond to the aforementioned Liberal report by outlining what the government was already doing to resolve the unemployment crisis, cabinet stressed that both short term relief and long-term rebuilding policies were being considered by the government, with particular emphasis on a limited Keynesian programme of public works as a key form of relief work, and industrial reorganisation to increase British competitiveness in the all important export market.²⁰⁷ In this publication, these primarily domestic measures were the main focus, whereas imperial economics were given but a cursory mention in their limited capacity to aid with unemployment, underscoring Labour's general disregard of the Empire in favour of social welfare and international coordination.²⁰⁸ In both of these documents the development of an imperial economy was written off by the Labour government as an approach of limited potential.

The theme of Labour's disregard for imperial economics is also prevalent in cabinet documents concerning preparations for the 1930 Imperial Conference. For example, a report on Empire trade drafted as an advance briefing for the conference noted that while imperial trade

²⁰⁵ Fred D. Schneider, "Fabians and the Utilitarian Idea of Empire," *Review of Politics* 35 (October 1, 1973), 501, 509, 515., Trentmann, "After the Nation State," 48., Ashworth, "Rethinking a Socialist Foreign Policy," 45.

²⁰⁶ Ashworth, "Rethinking a Socialist Foreign Policy," 34-36.

²⁰⁷ This Keynesian programme would be expanded under the national government in the context of further Depression and a growing, experience-based consensus of the need for more significant reforms. See: Winch, *Economics and Policy*, 214-215.

²⁰⁸ TNA: CAB 24/217, CP 403(30), Statement of the Principle Measures Taken by His Majesty's Government in Connection with Unemployment, 9 December, 1930.

and emigration had been key components of British programme for economic recovery in the 1920s, the Depression had greatly limited these as viable options due to the decline of Dominion economies. The report argues that due to the effects of the Depression in the self-governing Empire, both imperial trade and the capacity of the Dominions to assist British unemployment through settlement schemes had been severely reduced. In light of these new limitations, Britain was receiving fewer benefits, and could therefore offer less to the Dominions in reciprocation. Within this context the report further specified that British economic weakness had resulted in a reduced share in Dominion markets, and that ultimately foreign trade was more important than trade with the Dominions. Thus, while preference from the Dominions was beneficial to the British economy, those preferences could not be reciprocated to the same degree, and consequently, the British could offer little more than development loans to fill the disparity in economic benefits.²⁰⁹ For this reason any type of negotiation for imperial preference, whether for tariffs or selective bulk purchasing, carried the risk of offending the Dominions by a lack of economic engagement or conversely, of alienating more valuable foreign trading partners.²¹⁰ As such, in spite of economic topics featuring prominently in conference agenda, British delegates at the 1930 Imperial Conference were instructed to cautiously approach the subject of imperial preference, avoiding it if possible in order to prevent a spirit of economic bargaining from being fostered at the conference that would supplant the feelings of imperial fraternity they were trying to engender.²¹¹

²⁰⁹ TNA: CAB 24/213, CP 228(30), Report of Committee on Empire Trade 1930, of the Economic Advisory Council, 3 July, 1930.

²¹⁰ TNA; CAB 24/213, CP 228(30)., TNA: CAB 24/214, CP 287(30), Bulk Purchase of Dominion Produce, Memorandum, 6 August, 1930.

²¹¹ TNA: CAB 24/213, CP 228(30)., TNA: CAB 24/214 CP, 298(30), Imperial Conference 1930, Agenda, Memorandum, September 1930., Cabinet had also discussed postponing the conference until economic tensions, especially with Canada, were reduced, but were unable to find justification for such a delay. Instead they resolved to

The apparent lack of confidence in imperial economics in these documents is arguably a mark of the Labour government, which placed more faith in international trade, domestic recovery, and welfare development. However, this is not to say that the entire Labour cabinet was opposed to some kind of imperial economic agreement. Occupying a post created in 1925 to facilitate cooperation in the emergent Commonwealth, Secretary of State for the Dominions J. H. Thomas urged his cabinet colleagues to reconsider their conference position to offer something to the Dominions for the sake of the Labour party's political position. Thomas argued that if the conference ended in confusion and without resolve, the Labour government would have no one to blame but themselves and would "...thereby [be] cutting our own political throats..."²¹² He advised the cabinet that an imperial wheat quota, which would be a minimum commitment at no cost to Britain, or even a strong statement of intent to build imperial economic cooperation in future, could be enough to increase Britain's bargaining position with the Dominions, and would be politically advantageous to the Labour party.²¹³ Thomas' colleagues took note of his position and a wheat quota to ensure a share of the British market for Dominion producers was included in the conference agenda.²¹⁴

However, in spite of Thomas' efforts and the incorporation of a wheat quota into the conference agenda, the goals of the British delegates at the conference fell short. In terms of economics, the outcomes of the conference were inconclusive. Although economic questions were addressed during the conference, these largely concerned economic miscellany which,

proceed with the conference, while maintaining a non-committal stance on imperial preferences. See: TNA: CAB 23/65, CP 63(30) Conclusions, 24 October, 1930.

²¹² TNA: CAB 24/216, CP 366(30), The Imperial Conference, Memorandum, 27 October, 1930.

²¹³ Ibid.

²¹⁴ *Imperial Conference 1930: Part 1, Summary of Proceedings* (Ottawa: F.A. Acland, Printer to the King's Most Excellent Majesty, 1931), 3.

while important, kept discussion on imperial preference to a minimum.²¹⁵ Throughout the conference the Dominions called for precisely the system of imperial preference and increased imperial trade that the British delegation was trying to avoid, further drawing out negotiations.²¹⁶ For example, in the opening speeches, when British delegates called for cooperation and unity in response to the crisis, Dominion delegates agreed that cooperation was necessary, but responded that while there were natural divisions within the Empire, imperial economics and preference were the most pressing issue at hand, not the unity of the Empire or the status of the Dominions, which had been largely addressed at the 1926 Conference. Issues of imperial unity and economic independence were interrelated, but Dominion delegates specified between constitutional and economic debates, and stressed that the current conference should focus on economics, and in particular, a comprehensive system of imperial preference.²¹⁷ The result was Dominion counter points to most of the limited British propositions and deadlock in key debates. Notwithstanding progress on the more miscellaneous topics of the agenda, the key debate over a comprehensive imperial tariff system remained unresolved. Consequently, due to time constraints, the economic section of the conference would have to be deferred for later consideration at Ottawa, which was to be scheduled within twelve months of the 1930 Conference's adjournment. In the meantime, the United Kingdom and Dominions resolved to set three year guarantees on what limited preferences existed, pending the results of the Ottawa Conference and the hopeful resolution of the postponed economic debates.²¹⁸

²¹⁵ For example, the economic agenda included talks on the aforementioned wheat quota, and topics such as imperial shipping, marketing, standardisation, communications, aviation, settlement, forestry, research, and coordinating bodies. *Imperial Conference 1930*, 3-4.

²¹⁶ For example, see the statements made by Dominion leaders. *Ibid.*, 76-90.

²¹⁷ "Imperial Conference, 1930," in *Speeches and Documents on the British Dominions, 1918-1931: From Self-Government to National Sovereignty*, ed. Arthur Berriedale Keith (Oxford, Oxford University Press, 1961): 206-230.

²¹⁸ *Imperial Conference 1930*, 40-41, 73.

The remainder of the 1930 Conference was largely spent addressing constitutional issues, and while the long-term benefit of those more politico-legal outcomes is debated by historians, these were at least successful in terms of being constructive. The chief outcome of these debates and deliberations was the Statute of Westminster, which officially created the Commonwealth by legally enshrining the equality of the Dominions that was declared, but not officially enacted with the Balfour Declaration in 1926.²¹⁹ These debates expressed fears of both imperial disintegration, as well as accusations of the British simply reinforcing their superiority with token equality.²²⁰ With little to no economic progress, and an internally divisive political result in both theoretical and applied terms, it is little wonder that commentators at the time perceived a wave of economic nationalism taking root in the Dominions and driving them and Great Britain apart.²²¹

In 1931 the spreading Depression precipitated a new phase of economic collapse in Europe. American financial disengagement contributed to the failure of the Creditanstalt bank in Austria, which had serious repercussions across the continent.²²² The failure of the Creditanstalt bank began a chain reaction in Europe's integrated financial system which largely relied on

²¹⁹Statute of Westminster 1931.

²²⁰“The Statute of Westminster,” in *Speeches and Documents on the British Dominions, 1918-1931: From Self-Government to National Sovereignty*, ed. Arthur Berriedale Keith (Oxford, Oxford University Press, 1961): 232-310.

²²¹ Arnold Toynbee and U.M.Boulter, *Survey of International Affairs 1930* (Oxford: Oxford University Press, 1931), 460. Many historians also stress the Statute of Westminster was a symbol of the triumph of Dominion Nationalism. For examples see: Blake, *The Decline of Power*, 168. Thorton, *The Imperial Idea and its Enemies* 254. A Cabinet foreign policy report later said that economic and political nationalism could not be distinguished, and therefore, from a broader perspective the 1930 imperial conference was a failure. See TNA: CAB 24/221, CP 125(31), An Aspect of International Relations in 1931, Paper by Sir Robert Vansittart, Permanent Under Secretary of State, Foreign Office, 14 May, 1931.

²²² Much of Austria's industry dealt with the *Creditanstalt*, and as the Depression took hold in Europe, the Austrian government stepped in to save the bank, but in doing so accrued more international debt than it could manage. Hence, the conditions of the Depression very quickly threatened the integrity of national governments through a chain reaction of integrated industry, banks, governments, loans and therefore, other governments. See Zara Steiner, *The Lights That Failed: European International History, 1919-1933* (Oxford: Oxford University Press, 2005), 645-648.

British banking and financial infrastructure.²²³ These British institutions however, had lost a great deal of capital to the United States during the War, and as such were not yet sufficiently recovered to deal with financial failure on this scale. While anticipating the recovery of the pound after the re-introduction of the gold standard in 1925, British banks had been providing long-term loans to Europe to encourage stability, but had been borrowing money on a short term basis while waiting for financial recovery. Consequently, the domino effect through European finance resulted in British banks being unable to recover their long-term loans as banks failed on the continent, and as such were without the capital to pay for their short-term borrowing.²²⁴ This chain reaction undermined the financial systems of Britain and Europe, becoming a positive feedback loop of economic decline, which was arguably the moment that the Depression fully impacted Europe and spurred the coming policy changes in Britain and the wider Empire.²²⁵

As the economic situation deteriorated in Europe, the Ottawa Conference was postponed, in part to give cabinet time to deal with the crisis, but also, to avoid the potential strain on imperial relations in the wake of the abortive talks of 1930 and the deterioration of both British and Dominion economics in 1931.²²⁶ This delay is telling in regards to the mood of the British government and people at the time, as well as for the importance of economic policy to imperial relations. To readdress the original research question of whether economic crisis fostered cooperation or division among the members of the emerging Commonwealth, the delay of the Ottawa Conference over political fears suggests that economic crisis and its accompanying mood of doom drove members apart, causing isolationistic fragmentation at a time when economic

²²³ Toynbee, *Survey of International Affairs, 1931*, 57-58.

²²⁴ Blake, *The Decline of Power*, 150.

²²⁵ Karl Polanyi emphasises the gravity of this change, and argues that it signalled the final fall of the 19th century self-regulating free market system of Europe. See Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time*, second edition (Boston: Beacon Press, 2001), 24.

²²⁶ Toynbee, *Survey of International Affairs, 1931*, 65., TNA: CAB 24/221, CP 125(31).

recovery demanded coordination.²²⁷ Yet contrary to the British postponement of the conference, Dominion calls to deal with economic issues at the 1930 Conference, and the retrospective knowledge that imperial cooperation would increase after the Ottawa Conference, it seems that cooperation was nonetheless desired by the Dominions, if not Britain. This disparity could be a result of the structural arguments presented by some authors, suggesting that Dominion and British places within an imperial economy dictated their level of interest in expanding imperial economics. The artificial equality that some statesmen saw in the Statute of Westminster arguably applied to economics as well.²²⁸ In spite of developments in the Dominions' manufacturing economies and the gradual dissipation of a colonial economic model, the Commonwealth arguably still functioned within the broader confines of a colonial economic model. In a system designed for primary resources to flow from the Empire to the metropole, and manufactured goods to flow in the inverse, the British obsession with exports and free trade as the economic solution to their economic woes, and Dominion calls for more Empire based trade to boost their economies is logical. These lingering structural elements exhibit Dominion economic links to the United Kingdom, in spite of increasing connections abroad.²²⁹ To the British cabinet, this difference of position represented the risk of alienating valuable foreign trading partners, or more politically valuable Dominions. In an effort to maintain non-offensive policies between working with international or Dominion countries until the economic situation

²²⁷ Toynbee, *Survey of International Affairs*, 1931, 14, 17, 60, 120, 161.

²²⁸ Cain and Hopkins, *British Imperialism*, 111., Miller, *Britain and the Old Dominions*, 41.

²²⁹ For example, the Ottawa Agreement between the United Kingdom and Canada afforded Canadian goods such as wheat, copper, zinc, cattle and pork products exemption from the general tariff of the Import Duties Act, whereas Canada removed tariffs on British goods such as shingles, chemicals, plate glass, steel, machinery, and yarn, to name a few. The South African agreement was similar, with the United Kingdom exempting goods such as sugar, copper, lamb, and fruit, whereas South Africa reciprocated with preferential rates for British machinery, batteries, tractors, radios and canvas. "Appendix 1: United-Kingdom-Canadian Agreement," Articles 3, 4, 5, 6 and schedule E, in *Imperial Economic Conference at Ottawa, 1932: Summary of Proceedings and Copies of Trade Agreements* (London: HMSO, 1932): 19-41; "Appendix IV: United Kingdom-Union of South Africa Agreement," Schedules, B, E, in *Imperial Economic Conference at Ottawa, 1932: Summary of Proceedings and Copies of Trade Agreements* (London: HMSO, 1932): 62-71.

could be somewhat stabilised, the United Kingdom postponed the Ottawa Conference. This allowed British statesmen to perpetuate the “strictly non-committal” and hopefully non-offensive stance of the 1920s for at least one more year, in spite of the fact that such a stance was growing increasingly untenable since the onset of the Depression and especially after its further deterioration in 1931.²³⁰

The attempt to maintain a non-committal stance to imperial trade, and thus juggle imperial and world economic systems in spite of the worsening crisis, was evident throughout the year following the 1930 Conference, and set the stage for the fall of the Labour government. By January of 1931, in regards to domestic policy the Labour cabinet was expressing concern about the amount being expended on unemployment insurance, and that raised taxes were not securing sufficient funds for those welfare costs.²³¹ As unemployment mounted, the government nonetheless approved increased funds for the Unemployment Insurance Act, and sought to fine tune the act to improve its efficiency and remove potential abuses of the dole.²³² At the same time, cabinet recognised that these increased payments could only be temporary, and that real economic recovery would require a reorganisation of industry on a larger scale that would not produce results for at least a year.²³³ In the interim, the government moved to diversify public works projects in conjunction with the increased funds for unemployment insurance.²³⁴ Yet these orthodox policies were not enough and as French commentator André Siegfried noted at the time, the English system became trapped in a positive feedback loop in which the lack of exports caused unemployment, yet unemployment insurance and public works focused government investment into domestic projects, which reinforced unemployment into a tax - dole - tax cycle

²³⁰ TNA: CAB 23/65, CP 63(30).

²³¹ TNA: CAB 23/66, CP 6(31) Conclusions, 14 January, 1931.

²³² Unemployment Insurance Act 1931., TNA: CAB 23/66, CP 9(31), Conclusions, 21 January, 1931.

²³³ TNA: CAB 23/66, CP 9(31).

²³⁴ Ibid., TNA: CAB 23/66, CP 22(31), Conclusions, 15 April, 1931., Public Works Loans Act 1931.

without improving the vital export sector.²³⁵ Siegfried's work was very critical of the British system, and predictably upheld French methods as superior, but he did identify a key issue that challenged the British government in 1931. Siegfried argued that in order to restart the export markets it so desperately needed, the United Kingdom would have to increase its foreign investment, but in order to do so would need to cut unemployment benefits and thereby lower the standard of living in England, which was higher than elsewhere in Europe and, according to Siegfried, irresponsible.²³⁶ This problem represented the deadweight of orthodox economic thought as applied to the British domestic economy through which welfare measures were used to fill the gap while waiting for gold-standard based free trade to rebound.²³⁷

In terms of the international economics on which free trade depended, the financial crisis and subsequent lack of capital in London also presented an impasse for the government. The lack of capital due to war debt and the imbalance of short and long-term lending, as well as the adherence to free-trade economic orthodoxy ultimately divided the Labour government over the choice of abandoning free trade by setting up tariffs, or by implementing austerity measures and cutting unemployment relief.²³⁸ Simultaneously attempting to avoid austerity as much as possible according to their commitment to welfare and the working class, and attempting to maintain gold standard free-trade rather than turning to a closed or imperial economy ultimately led to the fall

²³⁵ Siegfried, *England's Crisis*, 106-108.

²³⁶ *Ibid.*, 154.

²³⁷ Constantine, *Unemployment in Britain Between the Wars*, 52, 68., While often characterised as "dead-weight", orthodox economic thinkers also had good arguments for free trade, as noted by Vansittart in 1931. He argues that protective tariffs inherently led to economic nationalism and militarism, which fosters state monopolies and thus, a permanent economic war footing. With his previously noted premise that economics and politics are inseparable, international cooperation through the League of Nations would be the best option for a peaceful Europe, in spite of the context of the Depression and its limitations on trade.TNA: CAB 24/221, CP 125(31).

²³⁸ Blake, *The Decline of Power*, 156-157.

of the Labour government in 1931, and a new national government representing all major parties took over by the end of the year.²³⁹

In his 1944 work *The Great Transformation*, Karl Polanyi argues that the European financial crisis in 1931 and the subsequent abandonment of the gold standard by one nation after another represented the fall of the last bastion of a nineteenth-century civilisation centered on a self-regulating market economy upheld by a balance of power, liberal states, and the gold standard. By commoditising both mankind and his environment in the form of wages and resources, that economy had threatened the traditional fabric of Western society, which subconsciously rebelled to destroy the market economy that would annihilate it.²⁴⁰ Thus, he characterises the fall of the gold standard in Europe as the dramatic conclusion of macro-level historical narrative that marked the end of both traditional society, and the era of self-regulating markets that had precipitated that society's destruction.²⁴¹ Polanyi's work captures the gravity of these events and, although such macro-level arguments are always cause for debate among historians, one undeniable component of Polanyi's argument was that at the time Europe was obsessed with currency stability, and that in Britain the left was pushed out of office in the name of that stability.²⁴² Within weeks of the Labour government's fall from office and the subsequent fragmentation of the party, the new national government was re-evaluating the British economic position and beginning to dismantle the older economic orthodoxy of gold standard based free trade. Within a month of taking office, the new cabinet saw a report from the Committee of Economists of the Economic Advisory Council which outlined a novel economic programme in response to the Depression. The report noted that while free trade was generally a good thing for

²³⁹ Constantine, *Unemployment in Britain Between the Wars*, 46, 67.

²⁴⁰ Polanyi, *The Great Transformation*, 21, 31, 257.

²⁴¹ *Ibid.*, 24, 29.

²⁴² *Ibid.*, 24-25.

Britain, in order for it to function, trade also had to exist in the first place. Consequently, protective tariffs could be useful for rebuilding industry back to the point where tariffs would no longer be necessary.²⁴³ The report recommended that a full protective tariff should be implemented. However, the accompanying risk of economic isolation led to a further recommendation that a system of imperial preference be reconsidered as a middle ground between national isolation and open free trade. The report noted that the Dominions had become increasingly protectionist and were not in a negotiating mood which, after the lack of British economic cooperation at the 1930 Conference was hardly surprising. The report nonetheless recommended that a system of imperial preference should be proposed at the Ottawa Conference the following year. The underlying message was that if more preferable free trade did not improve in world markets, an imperial system would be better than no trade. Furthermore, by initiating both a national tariff and proposing imperial preference, the British government would have two attainable strategies for economic recovery which could be immediately implemented, thus filling the urgent need to do something about the crisis, while simultaneously giving the British government political credibility at home, and more negotiating power with the increasingly divergent Dominions.²⁴⁴ No matter the success of these measures, it was stated that both preferential tariffs for the Empire and a general tariff for Britain would be temporary for the duration of the Depression, but were nonetheless necessary for economic recovery given the failure of more orthodox measures in the face of the Depression.²⁴⁵

Steps toward the implementation of this new direction of policy were quickly enacted and the government received a range of new powers with which to regulate the economy including

²⁴³ TNA: CAB 24/223 CP 234(31).

²⁴⁴ *Ibid.*

²⁴⁵ TNA: CAB 24/223 CP 234(31).

the power to make orders in council and to coordinate certain sectors of the economy to improve monetary flows and overall economic efficiency.²⁴⁶ The budget for that year was also reconfigured and included a section granting the treasury more regulatory rights and general powers.²⁴⁷ Due to the untested nature of an expanded governmental role in the economy and the unpredictability of world economics, as a safeguard for British consumers this new interventionism was accompanied by provisions granting new powers to the Board of Trade to prevent food price increases or food shortages in Britain, as well as the power to levee new duties on certain imports to protect domestic agricultural producers.²⁴⁸

Coinciding with these preliminary measures to facilitate the government's role in the economy and to increase the regulation of trade, two major interconnected policies were ushered in. The first of these was the abandonment of the Gold Standard in September of 1931.²⁴⁹ The failure of international free trade to rally around a gold-based pound after its reestablishment in 1925 undermined the British attempt to create a bloc of standardised currencies in Europe. Without meaningful monetary engagement from the United States, and after the failure of the European financial system in 1931, in order to save the British banking system there was little option left but for the United Kingdom to abandon the gold-standard and with it the goal of re-establishing the pre-1914 economy.²⁵⁰ The abandonment of the gold standard initially caused a wave of fluctuating currency exchange rates abroad, and some increased unemployment in the United Kingdom; however, after a period of adjustment, now with cheaper money Britain was able to become more competitive in the ever-vital export sector, and while recovery still seemed

²⁴⁶ National Economy Act 1931.

²⁴⁷ Finance Act 1931.

²⁴⁸ Foodstuffs Act 1931, Abnormal Importations Act 1931, Horticultural Products Act 1931., Blake, *The Decline of Power*, 168.

²⁴⁹ Gold Standard Act 1931.

²⁵⁰ Cain and Hopkins, *British Imperialism*, 64-65.

distant, cabinet was increasingly confident in the stability of the pound, and the potential to use stable currency as the basis for wider economic recovery.²⁵¹

Closely linked to the abandonment of the gold standard was the end of the longstanding British commitment to free trade. Beyond the small scale protective tariffs of the 1925 Safeguarding Industries Act, the Abnormal Importations Act of 1931 began with a broader range of tariffs, largely applied to agricultural imports. The following year the Import Duties Act ended British free trade altogether with the introduction of a general tariff on all goods, rather than the select goods specified in preceding legislation.²⁵²

Combined, the emergency measures initiated by the national government represented a clear departure from the pre-war orthodoxy of gold-standard based free trade and set the stage for British policy at the upcoming Ottawa Conference. Although the goals of British delegates incorporated the continuation of previous policies in the sense that imperial preference, settlement, and development were still the main foci of discussion, the context in, and degree to which they negotiated these topics had been vastly changed.²⁵³ The introduction of the general tariff by nature threatened any sort of imperial preference, and had risked no small degree of tension with the Dominions. Consequently, the Dominions were exempted from the provisions of the Import Duties Act until after the conclusion of the Ottawa Conference, when the projected outcomes of the conference would take precedent over the blanket duties of the general tariff.²⁵⁴

²⁵¹ TNA: CAB 24/228, CP 96(32), Economic Advisory Council, Second Report of Committee on Economic Information, Survey of the Economic Situation, March 1932, 21 March, 1932., TNA: CAB 24/232 CP 273(32).

²⁵² Import Duties Act 1932., Abnormal Importations Act 1931., Safeguarding Industries Act 1925.

²⁵³ DO 35/236/8831/69, Letter from Sir Edward Harding (Permanent Undersecretary in the Dominions Office) to Sir William Clark (British High Commissioner in Ottawa), 17 December, 1931. In Drummond, *British Economic Policy and the Empire*, 186.

²⁵⁴ TNA: CAB 23/70, CP 11(32), Conclusions, 3 February, 1932., Import Duties Act 1932.

It was within this context of economic crisis, novel emergency policies, and underlying discord in the nascent Commonwealth that preparations for the Ottawa Conference were made.

3. The Ottawa Conference

After the embittering effects of both economic and political disputes at the 1930 Imperial Conference, and the subsequent year of increased economic downturn and the implementation of promising, but unfamiliar policies, the pressure to reach some kind of economic resolve in Ottawa was high.²⁵⁵ The British Cabinet concluded that failure in Ottawa would be unacceptable, and that flagging negotiations should be resurrected and re-approached until successful agreements were reached with each of the Dominions.²⁵⁶ The stakes were high not only for Britain, but also for wider world economics through enduring British financial dominance. The importance of the upcoming Ottawa Conference was recognised by commentators throughout the Commonwealth. Amongst these commentators, the most varied opinions emerged from the least homogenously British Dominions.²⁵⁷ Canada, as the host for the conference, as well as the oldest and most economically developed Dominion, which also incorporated two major linguistic groups, was arguably the most potent site of commentator debate. For the purposes of this project, the works of Canadian authors provide a good case study of Dominion ideas and debates leading up to the Ottawa Conference.

Canadian Anglophone and Francophone scholars agreed that because the global economy failed to rally, an immediate increase in imperial trade was desirable, as the Empire could provide a smaller, more manageable and more cooperative platform for rebuilding a stable

²⁵⁵ Ian Drummond argues that the novelty of these policies was detrimental to the British delegation in Ottawa, as they had been trained in a system based on free trade for the duration of recent memory, Drummond, *Imperial Economic Policy*, 284.

²⁵⁶ TNA: CAB 24/224, CP 228(31).

²⁵⁷ Darwin, "A Third British Empire?" 74., Mansergh, *Survey of British Commonwealth Affairs*, 416.

currency and trade, which would ultimately provide a foundation for world recovery.²⁵⁸ There was however, contestation over the purpose and method of that recovery with Canadian opinions divided along linguistic lines. Anglophone authors recognised Dominion economic dependence on the Empire, but argued that increased imperial trade through the Ottawa Conference was as a chance to rebuild the imperial system into a new economic model not only to serve the recently established Commonwealth, but also as an example of economic cooperation for capitalism and the world.²⁵⁹ However, Francophone authors such as journalist Léopold Richer disagreed. He argued that it would be naive to think that Great Britain would sacrifice its own interests for the sake of the wider Empire, and that at the conference, Britain would beat the Dominions in negotiations, ultimately gaining much more than they gave, all the while further cementing the colonial style economic system, which would be both divisive and an inefficient solution to the Depression, particularly for the Dominions.²⁶⁰ That being said, Richer did recognise a point which, while quite relevant to Canada, also featured prominently in wider imperial preparations for the conference. This was that the United States was a much more expedient trading partner for Canada and the other Dominions, but that it was too unstable to be of much use during the crisis. American isolationism and protectionism had severely restricted the flow of American capital to Europe, which arguably laid much of the groundwork for the financial collapse in Europe in 1930-31. Protectionism in the United States was best represented by the Smoot Hawley Act of 1930 which imposed tariffs up to fifty percent on international goods, and severely limited the American presence in international trade. Meanwhile, ongoing talks about

²⁵⁸ Stephen Leacock, *Back to Prosperity: The Great Opportunity of the Empire Conference* (Toronto: The Macmillan Company of Canada Limited, 1932), 7., J. Alex Aikin, *Economic Power for Canada* (Toronto: The Macmillan Company of Canada Limited, 1930), 6., Léopold Richer, *Marché de Dupes? La Conférence Impériale d'Ottawa, 1932* (Montréal : Éditions Albert Lévesque, 1933), 188. See also, D.K. Fieldhouse, "The Metropolitan Economics of Empire," 96-97, 102.

²⁵⁹ Leacock, *Back to Prosperity*, 26, 29., Aikin, *Economic Power for Canada*, 5-6.

²⁶⁰ Richer, *Marché de Dupes?*, 74, 90-91, 162. Cain and Hopkins, *British Imperialism*, 38, 139.

increased American involvement in world economics added further uncertainty about American intentions, as the United States exhibited these dichotomous pursuits, all the while absent from the League of Nations; the central forum for international coordination.²⁶¹ In light of American unpredictability, the Empire would be a much more stable platform upon which to rebuild trade, not because it was the best long-term option, but because it was the only viable one at the time, leaving both the Dominions and Great Britain to pursue Empire trade out of expediency, rather than long-term value.²⁶²

Incorporating interpretations from a Canadian point of view as a case study in Commonwealth opinion, as well as British policy up to 1932, the consensus of these sources is that due to the failure of world trade to recover based on traditional methods, the pursuit of an accord at the Ottawa Conference became the best alternative for both Britain and the Dominions. However, although this consensus was reached in 1932, the Dominions had been pushing for a more comprehensive imperial economy for some time prior to the Depression, while the United Kingdom attempted to balance free trade and non-commitment to an imperial economy throughout the 1920s. This difference of approach brings to mind D.K. Fieldhouse's argument that in a long term perspective, there had been debate in Britain over the merits of an open world or a closed-imperial economic system and that prior to 1914 the Empire was beneficial, but non-essential.²⁶³ Fieldhouse elaborates that the Empire proved to be a saving grace during the First World War, leading to more preferential treatment in the interwar period, although not enough to

²⁶¹ Clavin, *Securing the World Economy*, 48-49., Aikin, *Economic Power for Canada*, 96, 103. This unpredictability was also reflected at the 1933 World Economic and Monetary Conference when, after an agreement on international financial reform was tentatively reached, it was rejected by Roosevelt, who instead focused attention the New Deal and domestic reforms as a means of recovery. See: Jeannette P. Nichols, "Roosevelt's Monetary Diplomacy in 1933," *The American Historical Review*, 56 (January, 1951): 295-317.

²⁶² Richer, *Marché de Dupes?*, 53-54., Aikin, *Economic Power for Canada*, 95, 120-121, 179., Cain and Hopkins, *British Imperialism*, 144., Kindleberger, *The World in Depression*, 296., Miller, *Britain and the Old Dominions*, 22.

²⁶³ D.K. Fieldhouse, "The Metropolitan Economics of Empire," 111.

compete with free markets, leaving world and imperial economies in a “crude balanc[e]”.²⁶⁴ The highpoint of imperial trade in the wake of the Ottawa Conference would not have been attainable before the Depression was at its worst, which broke the balancing act in British policy, as well as the political deadlock both in Britain, and between Britain and the Dominions after the 1930 Imperial Conference.²⁶⁵ Fieldhouse presents a novel caveat by specifying that a protectionist economy was not politically possible in Britain until the Depression was at its worst. Most scholars agree that the significant policy departure in Britain often characterised as the result of a struggle between laissez-faire free traders and imperial visionaries or between Labour and Conservative economic strategies, was a product of the Depression, particularly between its further deterioration in 1931 and the institution of comprehensive imperial preference in 1932.²⁶⁶ However, the specification that this policy shift had not been possible prior to the Depression adds further weight to the role of British politics in dictating responses to the Depression, or at very least, in limiting those responses. Thus, the combined pressures of the Depression, and the weight of British politics on responses to the crisis formed the context for the United Kingdom’s preparations for the Ottawa Conference.

A. Preparations for Ottawa

The British cabinet and delegation prepared extensively for the Ottawa Conference. By late 1931, the British High Commissioner in Ottawa was informed of the British negotiating strategy for the conference, which was largely based on reciprocity. The commissioner was instructed that no concessions should be made to the Dominions without corresponding

²⁶⁴ Ibid., 88-9, 112.

²⁶⁵ Ibid., 90., Drummond, *Imperial Economic Policy*, 145.

²⁶⁶ See: Drummond, *Imperial Economic Policy*. , Capie, *Depression and Protectionism*., Lloyd, “Loosening the Apron Strings,” Darwin, *The Empire Project*., Darwin, *The End of the British Empire*, Hyam, *Britain’s Declining Empire* , Constantine, *The Making of British Colonial Development Policy* , Constantine, *Unemployment in Britain Between the Wars*, Siegfried, *England’s Crisis* , Thorton, *The Imperial Idea and its Enemies*.

concessions being received by Britain, a somewhat ironic position given the history of unreciprocated preferences extended by the Dominions to Britain in the past.²⁶⁷ The concessions the British wished to receive from each Dominion were drawn up in lists and had been reviewed by the Federation of British Industries to ensure these would be of definite benefit to Britain without sacrificing the interests of domestic industry.²⁶⁸ Recognising that member-specific concessions, while practical, had the potential to be dangerously divisive for the Empire, concessions were to be presented in terms of long-term imperial interests, with emphasis placed on the renewal process and continued preferences, rather than as a short term measure, in spite of the fact that cabinet viewed imperial preference as precisely that.²⁶⁹ The delegation was further instructed that failed agreements should be renegotiated until reciprocally beneficial conclusions could be reached, provided international trade conditions did not improve in the interim, which could potentially afford the British delegation some leeway with foreign options as bargaining chips.²⁷⁰

In addition to equipping its delegation with bargaining tools and outlining a negotiation strategy, the British government was also preparing for upcoming conferences on disarmament and war reparation payments in Geneva and Lausanne respectively. While these conferences had less to do with imperial economics, they did result in a smaller British delegation to Ottawa in order to save conference costs, illustrating that Britain still sought to engage in wider political and economic fields, rather than placing total priority on imperial economic cooperation in

²⁶⁷ DO 35/236/8831/69, in Drummond, *British Economic Policy and the Empire*, 186-188. See: Import Duties Act 1932., Drummond, *Imperial Economic Policy*, 185, 188, 208. 217. TNA: CAB 23/71, CP 25(32), Conclusions, 27 April, 1932.

²⁶⁸ DO 35/236/8831/69, in Drummond, *British Economic Policy and the Empire*, 186-188.

²⁶⁹ *Ibid.*, TNA: CAB 24/223 CP 234(31) It is interesting to note that throughout the interwar period, an imperial economy is described as a long term strategy, but was only seriously employed as a temporary short term measure.

²⁷⁰ TNA: CAB 24/223 CP 234(31)

Ottawa.²⁷¹ Further illustrating this point was the British negotiation of a trade deal with the Soviet Union in the spring of 1932 which delegates would later use as a bargaining chip at the Ottawa Conference.²⁷²

The British government also prepared for the Ottawa Conference by opening preliminary talks with individual Dominions and encouraging them to speed their preparations in order to facilitate the negotiation process.²⁷³ Since the departure from the gold standard the year before, cabinet's Economic Advisory Council had noted increased British competitiveness in export markets. Noting the benefits of cheaper, non-gold based money, the council recommended that stable sterling currency should be developed as the basis of further international recovery, and incorporated the desire to strengthen the sterling zone into British rhetoric at the conference, in spite of financial reconstruction not appearing on the conference agenda.²⁷⁴ While the sterling zone was not limited to the Empire, it was largely based therein, so by opening preliminary negotiations and encouraging financial cooperation with the Dominions, the British government was both working to facilitate a successful conclusion to the Ottawa Conference, and working toward wider world economic recovery.

²⁷¹ TNA: CAB 23/71, CP 21(32), Conclusions, 13 April, 1932., Steiner illustrates the interconnectivity of these issues by demonstrating that Germany would not accept disarmament talks without being recognised as an equal, and called for war debts to be forgiven. Britain had an economic interest in reconciliation, having so many investments tied up in Germany. This interest was unpopular from American and French perspectives and led to further European tensions. Consequently, while exploring other avenues to economic recovery in Ottawa, Britain still had a politico-strategic interest European economics. See: Steiner, *The Lights That Failed*, 637-638, 681-683., Drummond also notes that the British were engaging with a wider world-picture. Drummond, *Imperial Economic Policy*, 297.

²⁷² Drummond, *Imperial Economic Policy*, 205-208., TNA: CAB 23/71, CP 25(32).

²⁷³ DO 114/41, Telegram from Dominion Office to Canadian, Australian, New Zealand, and South African Governments, 9 May, 1932. In Drummond, *British Economic Policy and the Empire*, 189.

²⁷⁴ TNA: CAB 24/228, CP 96(32)., *Imperial Economic Conference at Ottawa, 1932*, 13, .DO 114/42 Telegram from Sir William Clark (British High Commissioner in Ottawa) to Dominion Office, 15 June, 1932. In Drummond, *British Economic Policy and the Empire*, 191-192.

Furthermore, in order to encourage successful negotiations, in the months leading up to the conference, the British government also avoided any potentially inflammatory policies. For example, for politico-strategic reasons relating to Middle Eastern oil and the security of the Suez Canal, in April of 1932 cabinet debated extending preferential tariffs to the British mandate of Palestine. Recognising that such a move could prove offensive in the League of Nations, as well as to the Dominions to whom Britain had not yet accorded a comprehensive system of imperial preference, cabinet resolved to postpone discussion of the issue until after the conclusion of the Ottawa Conference.²⁷⁵

B. The Conference Itself

Having initiated preparations internally, internationally, and imperially, the British government met Dominion leaders in Ottawa. By most accounts, the ensuing negotiations of the conference itself were intense and sometimes bitter, particularly between the United Kingdom and Canada and Australia, the most economically developed of the Dominions and arguably the most economically nationalistic.²⁷⁶ Although some British economic analysts and historians later claimed that the Dominions got the most out of the Ottawa Conference, the resolutions of the conference nonetheless echo the direction of British policy under the national government.²⁷⁷ In this policy direction, the Empire was viewed as a reserve economic system for times of emergency, to be used as a temporary measure to protect domestic industry and a platform for stable sterling currency with which to begin international economic recovery, and thus the recovery of freer trade. This policy direction was echoed in the conference conclusions, which

²⁷⁵ TNA: CAB 23/71, CP 25(32).

²⁷⁶ DO 121/61, in *British Documents on the End of Empire*, 24-27., Research Committee of the Economic Science and Statistics Section of the British Association, *Britain in Recovery*, 136.

²⁷⁷ Research Committee of the Economic Science and Statistics Section of the British Association, *Britain in Recovery*, 138., Darwin, *The Empire Project*, 436., Drummond, *Imperial Economic Policy*, 31.

recognised that the Ottawa Agreements should take precedent over new trade agreements with foreign countries, but that the agreements could not overrule certain existing commercial treaties, and that the Commonwealth should actively work with other countries to move toward economic recovery. The inclusion of these points on the application of the Ottawa Agreements vis-à-vis non-imperial trade agreements was framed in imperial rhetoric, but nonetheless provided a loophole for the maintenance of extra-imperial trade; illustrating that even at the height of imperial economic cooperation, the promotion of international trade was still a key consideration.²⁷⁸ Similarly, it was also noted that the Commonwealth would work together to provide a stable sterling area for financial recovery, a system which the conference recognised was facilitated by the United Kingdom's preparation of the economic machinery of the sterling zone.²⁷⁹ Even in the reports from various conference committees similar points were re-expressed, such as the removal of trade barriers within the Empire and the recommendation that the Commonwealth follow Britain's lead in stabilising currency through the sterling zone.²⁸⁰ The focus on promoting freer world trade is quite reminiscent of British policy through the Depression, which advocated building imperial trade, but still emphasised decreasing barriers to international trade and establishing a strong sterling zone in order to facilitate wider world recovery.²⁸¹

Apart from these items, the conference also heavily recommended standardisation of industry, trade and finance to facilitate imperial trade and coordination in future.²⁸² The heavy emphasis on standardising trade facilities such as ports, industrial organisation, units of

²⁷⁸ *Imperial Economic Conference at Ottawa, 1932*, 10-12, 26.

²⁷⁹ *Ibid.*, 13.

²⁸⁰ *Ibid.*, 23., Gallagher, "The Decline, Revival and Fall of the British Empire," 120.

²⁸⁰ *Imperial Economic Conference at Ottawa, 1932*, 30-32.

²⁸¹ TNA: CAB 24/228, CP 96(32)., TNA, CAB 24/232 CP 273(32).

²⁸² *Imperial Economic Conference at Ottawa, 1932*, 14, 16, 20, 36, 40.

measurements, and bureaucratic conventions may appear to be at odds with lingering British free-trade sentiment by physically cementing an imperial trade system, at least to a higher degree than the structure of the Empire had already done. However, standardisation would strengthen the sterling zone, and in more tangible terms could also be applied to strategic purposes such as defence. Thus, standardisation could simultaneously be a part of an imperial system and an open world economy without necessarily being in contradiction with one another, or with the grander politico-economic aims of the British government.

4. Imperial Economics After Ottawa

The structure of imperial conferences, from their creation in 1887, was based on discussion and coordination rather than the authority to legislate. Consequently, the discussion at the 1932 Conference was the crucial starting point for policies, while actual implementation occurred afterwards. In the wake of the Ottawa Conference, as agreements were formulated into legislation, the British cabinet concluded that the conference had been successful in establishing a system of imperial preference, while reducing tariffs more generally, and that a corresponding increase in trade with the Dominions was set to take place in the months following the conference.²⁸³ Cabinet did note with concern, however, that the United Kingdom had lost influence in imperial markets due to foreign competition, and arguably its own lack of engagement with the Empire, which caused the Dominions especially to seek alternative economic partnerships. However, this loss of market shares was discussed by cabinet not for the role it would play in slowing the growth of imperial trade after Ottawa, but for the concerns it raised about imperial unity. Noting that the economic ties reinforced at Ottawa would not compensate for prior economic disassociation with Britain and the political independence

²⁸³ TNA: CAB 23/72, CP 46(32), Conclusions, 27 August, 1932.

granted with the Statute of Westminster, cabinet members feared that if not for routine imperial conferences, the remaining British sentiment in the Empire would succumb to Dominion nationalism and the bonds of Empire would be dissolved.²⁸⁴ This demonstrates continuity with previous British policy, if not in structure then in sentiment. In the conference proceedings, the lingering commitment to world free trade and the accompanying use of imperial preference as an alternative economy is evident. In the context of this document however, while the disassociation of Dominion and British economies was noted, this trend was not discussed as a matter of real concern except in terms of imperial unity, as opposed to economics. Thus, in this discussion the preoccupation with more political conceptions of unity and the apparent lack of concern over lost Dominion markets again demonstrates the lingering commitment to freer world trade. There is much evidence for the persistence of these free trade ideas in spite of the imperial preference established at Ottawa, and in spite of any Conservative bid to create a protectionist economy. Particularly later in the 1930s, trade policy gradually reverted to policies of freer trade, but in the interim British delegates advocated for free trade within the Empire, and even as the Ottawa Agreements were enacted, the British government made sure to include the condition that should the Dominion governments not uphold the concessions promised at the conference, the United Kingdom could revoke the Ottawa Agreements.²⁸⁵

Even under a government arguably dominated by protectionist Conservatives, the British commitment to free trade and a predominantly international, rather than imperial economic strategy is evident in reports of the Cabinet Economic Advisory Council. For example, even as the Ottawa Agreements Act was still being finalised, a report on international economic policy in

²⁸⁴ Ibid.

²⁸⁵ TNA: CAB 24/232, CP 297(32), Ottawa Conference (Agreements) Bill, 9 September, 1932., TNA: CAB 24/251, CP 272(34), Coordination of Trade Policy, Report of the Inter-Departmental Committee on Thirteenth Report of the Committee of the Economic Advisory Council on Economic Information, 3 December, 1934. TNA: CAB 23/71, CP 25(32).Blake, *The Decline of Power*, 145.

October of 1932 stressed that financial and economic recovery were connected, and therefore, temporary trade restrictions such as tariffs must be endured only until such time as world finance was stabilised and world recovery could begin.²⁸⁶ The same report encouraged cabinet to set quotas for international purchases up to the limits of the Ottawa Agreements in order to stimulate international trade.²⁸⁷ This demonstrates that while Britain had committed to the imperial economy at an unprecedented level, it still desired increased business abroad. This report supports the position among historians that the imperial preferential system implemented at Ottawa was seen as a temporary system by the British government, and that an imperial economy was more useful in its capacity as a platform from which to stabilise international currencies via sterling, and thus promote the recovery of freer-markets.²⁸⁸ This strategy seemed to work as by November of 1932 The Economic Advisory Council noted that the Depression had turned a corner and that a return of financial and commercial confidence was helping some recovery to begin. Whether that recovery was sustainable remained undecided, but the return of confidence was seen as a preliminary step that was needed prior to removing impediments to international trade.²⁸⁹ This report again highlights that removing trade obstacles remained a priority for Britain, and that financial confidence based on a secure currency was a prerequisite to free trade, and one which was beginning to rally in the wake of the Ottawa Conference.²⁹⁰

The provisions of the Ottawa Conference continued to set the tone for British economic policy for several years following 1932, yet always with the tension of persisting free trade ideals

²⁸⁶ TNA: CAB 24/234, CP 351(32), Report of Committee on International Economic Policy of the Economic Advisory Council, 27 October, 1932.

²⁸⁷ Ibid.

²⁸⁸ Rather akin to Foxwell's arguments in 1919. See: Foxwell, *Papers on Current Finance*.

²⁸⁹ TNA: CAB 24/235, CP 422(32), Economic Advisory Council, Fifth Report of Committee on Economic Information, Survey of the Economic Situation, November 1932, 7 December 1932.

²⁹⁰ D.K. Fieldhouse, "The Metropolitan Economics of Empire," 96., Research Committee of the Economic Science and Statistics Section of the British Association, *Britain in Recovery*, 158.

in competition with the newly expanded imperial system. This demonstrated the growing importance of imperial economics within a system habituated to, and still ultimately working toward world economics. This tension persisted at least until the next imperial conference in 1937, although it was much less evident in British domestic policy, in which the Keynesian strategies of expanded and diversified unemployment insurance and programmes, as well as public works projects were continued as per the status quo established by the national government in late 1931.²⁹¹ However, in an international and imperial sense, the previous strategy of free trade, while still present and apparently preferred by many members of the government, was now subordinate to a reconfigured strategy based on an expedient imperial economic system.²⁹² For example, while briefings of the American and world financial situation were regularly circulated to the cabinet around the time of the conference, imperial briefings were relatively rare, with the majority of matters concerning the Dominions being mentioned on a case-by-case basis within these wider trade reports.²⁹³ However, after the Ottawa Conference and the accompanying move to implement the conference resolutions, imperial concerns increasingly occupied cabinet discussions. Although dedicated imperial economic reports were uncommon for the period, this scarcity was accounted for in the size of the reports and volume of material they reviewed. One such lengthy cabinet economic report from 1933 detailed not only the implementation of imperial preference, but also the intricacies of imperial coordination such

²⁹¹ Unemployment Insurance Act 1933., Unemployment Insurance Act 1935., Unemployment Act 1934., Public Works Loans Act 1932., Public Works Loans Act 1934., Unemployment Assistance Act 1935.

²⁹² There were exceptions to this shift, but these were limited in scope and clearly politically motivated. For example, a loan to the Austrian government was approved as a bulwark to Nazism. See: Austrian Loan Guarantee Act 1933 TNA: CAB 23/78, CP 3(34), Conclusions, 31 January, 1934., TNA: CAB 23/78, CP 4(34), Conclusions, 7 February, 1934., TNA: CAB 24/228, CP 96(32).

²⁹³ For examples, see: TNA: CAB 23/76, CP 38(33), Conclusions, 31 May, 1933., TNA: CAB 24/241, CP 131(33), The American Situation and the Monetary and Economic Conference, Seventh Report of Committee on Economic Information of the Economic Advisory Council, 18 May, 1933., TNA: CAB 24/243, CP 202(33), Economic Advisory Council Eight Report of Committee on Economic Information, Survey of the Economic Situation, July 1933, 8 August, 1933.

as economic cooperation and information sharing, coordinating bodies, marketing, development strategies, as well as the costs of this infrastructure and cost sharing among the Dominions.²⁹⁴

The increasing presence of imperial issues in cabinet discussion after 1932 corresponded to an increasing prevalence of Empire-related legislation. After the initial implementation of the Ottawa trade agreements with the Ottawa Agreements Act of 1932, the subsequent budgets in 1933 and 1934 featured adjustments to certain tariffs in order to fine tune the system of imperial preference and deal with any inconsistencies between the general tariff of the Import Duties Act and the commodity by commodity approach used in the Ottawa Agreements.²⁹⁵

From 1932 through 1934 the increased concern for imperial economics was continued, all the while offset by a keen awareness of the state of international economics. Behind closed doors cabinet expressed anxiety over American unpredictability in economic policy.²⁹⁶ At the 1933 World Economic and Monetary Conference the themes of currency stabilisation and balancing exchange rates dominated the discussion. While noting both the potential power of American finance and calls for Britain to lead currency reform by creating an international monetary system based on the gold-standard, the British cabinet resolved that the gold standard would not be revisited, and that all international discussion about the gold-standard should be approached cautiously, and avoided if possible.²⁹⁷ While attempting to avoid another unsuccessful return to

²⁹⁴ TNA: CAB 24/241, CP 141(33), Report of the Committee on Economic Consultation and Co-operation, 27 May, 1933.

²⁹⁵ Finance Act 1933., Finance Act 1934., Although, this fine tuning could also be seen as self interest, with each duty adjusted not to ensure a smoother flow of trade, but to ensure maximum taxation. For example, in some cases there was debate over which taxes to apply, and the consensus was that all goods should be subject to the taxes most likely to bring them close to the 10% tariff. Conversely, the taxation of key goods such as medicine received the lowest possible taxes, as cheap medicine was in the self interest of Britain. For further extensions and tuning of Empire related legislation, see: Colonial Stock Act 1934., Overseas Trade Act 1934.

²⁹⁶ TNA: CAB 24/247, CP 20(34), Economic Advisory Council, Tenth Report of Committee on Economic Information, Survey of the Economic Situation, January 1934, 23 January, 1934.

²⁹⁷ Robert Eisler made one of the British calls for a return to the gold-standard, but prior to their departure from the standard, the Americans would also benefit from a stronger, gold based pound, as it would make their exports more competitive, just as cheaper currency was doing for the British. See: Robert Eisler, *Stable Money: The Remedy for*

the gold standard and lead world financial recovery, British economic leadership would depend on capital from American banks, yet several months before the United States had also left the gold-standard, and were now seeking to avoid currency stabilisation at fixed exchange rates, to allow the dollar to depreciate and this make American exports more competitive. The result was that even prior to the 1933 World Conference convening in London, there was a pre-determined conflict of interest between Britain with its new focus on the sterling zone, continental European countries seeking stable currency based on the gold standard and the still isolated United States.²⁹⁸ The conference was ultimately unsuccessful after the United States “torpedoed” the conference by rejecting its final draft resolution, a move which some argue helped encourage economic nationalism rather cooperation, as it was seen that one country could undermine any attempts at international cooperation .²⁹⁹

It is interesting to note, however, that in spite of setbacks such as the 1933 World Economic and Monetary Conference and concern over American actions, cabinet nonetheless noted improving trade conditions by 1934.³⁰⁰ Explanations for this recovery range from a more stable pound-sterling, to increased international cooperation to the turning of a trade cycle, to the impacts of increased imperial preference.³⁰¹ Although explanations are seldom monocausal, in this case the role of imperial preference can be incorporated as a factor into each of the

the Economic World Crisis, A Programme of Financial Reconstruction for the International Conference, 1933 (London: The Search Publishing Co. Ltd., 1932); Cain and Hopkins, *British Imperialism*, 72., TNA: CAB 24/237, CP 18(33), The World Economic Conference, Report on the Work of the Preparatory Committee, 31 January, 1933., TNA: CAB 24/241, CP 131(33).

²⁹⁸ Clavin, *Securing the World Economy*, 92.

²⁹⁹ Nichols, “Roosevelt's Monetary Diplomacy in 1933,” 316-317., Capie, *Depression and Protectionism*, 5. The failure of international coordination at the conference encouraged Britain to continue to pursue its work toward the sterling zone. Roosevelt's decision to not support the conference proposals (which relied heavily upon gold-standard) was praised by Keynes as “a challenge to us to decide whether we propose to tread the old, unfortunate ways, or to explore new paths...” Quoted in Winch, *Economics and Policy*, 223.

³⁰⁰ TNA: CAB 24/247, CP 20(34).

³⁰¹ Blake, *The Decline of Power*, 158, 164. Alford, *Britain in the World Economy* 159., D.K. Fieldhouse, “The Metropolitan Economics of Empire,” 112-113.

explanations, as it provided a financial foundation upon which the pound could recover, demonstrated increased cooperation between now constitutionally independent states, and by increasing linkages between Commonwealth economies, would compound the benefits of a cyclical upturn and thus promote recovery much more so than an upturn in an individual country. It is worth noting that whatever the cause, as this initial recovery took hold into the mid 1930s, cabinet increasingly returned to rhetoric of freer international trade, reversing the shift toward the imperial trade in the wake of the Ottawa Conference. For example, when conditions began to improve in 1934, the British export sector began to re-establish itself. However, the initial recovery in British exports was not to imperial, but foreign markets.³⁰² This was not to say that imperial trade had been unproductive, as it had continually expanded since the Ottawa Conference, and was reflected in the British export sector later in 1934.³⁰³ Yet even with a short lag of several months between the exports rebound between international and imperial markets, by the end of that year cabinet was discussing how to juggle Empire and foreign trade to maximise gain without transgressing trade agreements. That year cabinet also approved legislation that would allow parliament to restrict imports from both foreign, and Empire countries, in certain cases allowing trade caps to be imposed in spite of the Ottawa Agreements.³⁰⁴ In this manner, the British government maintained the Ottawa Agreements, but was evidently posturing for a return to free-trade. By 1935, British economic analysts had perceived that the world economy had already bottomed out and thus when planning its policy for the next few years the government could anticipate a period of readjustment and overall

³⁰² TNA: CAB 24/247, CP 20(34).

³⁰³ TNA: CAB 24/249, CP 153(34), State of Trade, April 1934, 5 June, 1934.

³⁰⁴ TNA: CAB 24/251, CP 272(34).

recovery.³⁰⁵ In a cabinet paper from July of that year entitled “The Economic Outlook for the Next Few Years” imperial trade was expected to continue to grow as British export markets shifted to the Empire and sterling zone due to the more long-term effects of the Ottawa Agreements. However, the paper noted that Dominion trade was a complicated matter, and that only for the time being, the Empire should continue to be used as the basis for financial stabilisation before other options could be explored.³⁰⁶ In essence, this report recognised the role of the imperial system in British recovery, but looked forward to reopening free trade once a sufficient threshold of recovery had been reached.

By the time planning for the 1937 Imperial Conference began it was clear that the Ottawa Agreements had become a *fait accompli*, with the bundle of agreements now being maintained as static as possible. In private the British cabinet frankly stated its desire to deal with the agreements bilaterally rather than in a conference setting, and more subtly suggested this approach to the Dominions as planning process for the next conference was initiated in 1936.³⁰⁷ The apparent reversion to older economic strategies of limiting imperial preferences, but within a new bilateral framework is not to say that the Ottawa Agreements had been unsuccessful. Imperial trade had increased after the Ottawa Conference, and did bring benefits to all parties. However, free trade would always have the potential to be more profitable than imperial trade simply by virtue of larger available markets. Consequently, by December of 1936 cabinet concluded that the recovery of the United Kingdom was largely thanks to trade with the Empire, but full recovery could not be achieved without cooperation and trade with the rest of the world. Therefore, imperial preferential policies should no longer be expanded, but trade increases with

³⁰⁵ TNA: CAB 24/255, CP 118(35), Economic Advisory Council, Seventeenth Report of Committee on Economic Information, Survey of the Economic Situation, May 1935, 7 June, 1935.

³⁰⁶ TNA: CAB 24/256 CP 157(35).

³⁰⁷ Finance Act 1936., Finance Act 1937., TNA: CAB 24/262, CP 137(36), The Imperial Conference, Memorandum, 16 May, 1936., TNA: CAB 23/83, CP 24(36), Conclusions, 25 March, 1936.

both intra and extra-imperial partners should be equally pursued within the confines of existing policies.³⁰⁸

The 1937 Imperial Conference was prefaced as an opportunity to report updates on agreements reached at the Ottawa Conference, but it was specified at the opening of the conference that apart from these updates related economic matters should be dealt with bilaterally between the United Kingdom and the individual Dominions, rather than during the conference itself.³⁰⁹ British delegates also stressed that the success of Commonwealth economies depended on world trade more generally, and as such the Commonwealth should work to remove trade barriers and promote freer flowing trade worldwide; a position rather reminiscent of British policy in the 1920s, although now framed with more Commonwealth terminology.³¹⁰ The bulk of discussion at the 1937 Conference focused on defence coordination and political appeasement, as well as some constitutional issues, all the while maintaining the rhetoric of imperial unity and coordination.³¹¹ As in the years immediately following the First World War, it seems that Britain had less interest in economic association with the broader Empire, and was increasingly focusing on the Commonwealth as a military partnership in a deteriorating political world. Meanwhile economic relations were shifting back to recovering world markets.³¹²

³⁰⁸ TNA: CAB 24/265, CP 341(36), Economic Advisory Council, Twenty-First Report of Committee on Economic Information, Survey of the Economic Situation, December 1936, 31 December 1936.

³⁰⁹ Cmd. 5482, "Imperial Conference 1937, Summary of Proceedings, Sections IX, X, and XI," in *Documents and Speeches on British Commonwealth Affairs, 1931-1952*, ed. Nicholas Mansergh (London: Oxford University Press, 1953), 133.

³¹⁰ Cmd. 5482, "Imperial Conference 1937, Summary of Proceedings, Sections IX, X, and XI," 134. Echoes of 1920s era imperial policy could be heard not only at the conference, but also in the British legislation of that year, with updates to the Overseas Trade Act and a revitalisation of the Empire Settlement Act being passed after being left aside for the worst of the Depression. Export Guarantees Act 1937., Empire Settlement Act 1937., Colonial Development and Welfare Act 1940.

³¹¹ For example see: Cmd. 5482 "Imperial Conference 1937, Summary of Proceedings, Sections IX, X, and XI," in *Documents and Speeches on British Commonwealth Affairs, 1931-1952*, ed. Nicholas Mansergh (London: Oxford University Press, 1953): 163-178.

³¹² The return to free markets is downplayed by McKenzie, who styles these economic links as vital up to and after the Second World War. She does however note that there were limits to that growth, which other historians cite as

An example of this regressive trend in Commonwealth relations is a pair of “Survey[s] of the Economic Situation;” a periodic publication presented to the members of the cabinet. These publications were a regular feature of cabinet operations, and had been growing extensively since their earlier manifestations in the 1920s. In doing so they became increasingly robust and detailed, including much more about world trade conditions, and especially about those in the United States.³¹³ A December 1936 survey focused primarily on gold flows, the American economy, and Empire economics. The survey noted that henceforth Britain would maintain, not expand, imperial preference.³¹⁴ A 1938 report, a year after the next imperial conference, made little mention of trade within the Empire, and focused instead on American trade policy, the removal of barriers to free trade, as well as barriers to the buying and selling of gold and its relation to global currency stabilisation.³¹⁵ The difference of these documents is the notable absence of a distinct section on imperial trade. This demonstrates that after the bilateral focus of Dominion economic negotiations that had been established at Ottawa in 1932 and reaffirmed at the 1937 Imperial Conference, the British government was free to focus more exclusively on world trade and allow imperial preference as a comprehensive system to lapse into individual trade bargaining as part of a wider world system. By beginning to merge imperial and world economics into a common area of policy, the British government would shift the bulk of discussion with the Commonwealth to defence and political subjects, rather than economics, as demonstrated by the most prominent topics of the 1937 Imperial Conference.³¹⁶ Further evidence for this shift can be found several years later when, in response to a dispute over preferential

evidence of these connections as a temporary fix only. See McKenzie, “In the National Interest,” 561-563., Drummond, *British Economic Policy and the Empire*, 20-21; Cain and Hopkins, *British Imperialism*, 145.

³¹³ For example, compare : TNA: CAB 24/287, CP 287(37), Economic Advisory Council, Twenty-Third Report of Committee on Economic Information, Survey of the Economic Situation, October 1937, 25 November, 1937., and TNA: CAB 24/186, CP 150(27), Trade Outlook, 14 May, 1927.

³¹⁴ TNA: CAB 24/265, CP 341(36).

³¹⁵ TNA: CAB 24/273, CP 287(37).

³¹⁶ Cmd. 5482, “Imperial Conference 1937, Summary of Proceedings, Sections IX, X and XI.”

tariffs with South Africa, cabinet resolved that if talks could not be scheduled and the issue resolved the British government would denounce renewal of the Ottawa Agreement with the Union of South Africa.³¹⁷ This is a striking contrast to the postponement of the Ottawa Conference due to tense political relations not ten years before.

The decentralisation of economic relations in the latter half of the 1930s seemed to verify the fears of many commentators at the time that imperial tariff bargaining was inherently divisive, and that should such a system be enacted the Empire would be divided save for the precarious link of their common British cultural heritage.³¹⁸ This feared decentralisation would see the Dominions seeking fuller economic independence while maintaining cultural ties with Britain as a comfortable and sentimental heritage, thus rendering the lifespan of Commonwealth, and by extension the Empire, equal to that of the interest of and cooperative measures taken by its members, rather than its institutions.³¹⁹ This stance arguably set the stage for the role of the Empire in the Second World War; simultaneously promoting the economic divergence that would contribute to the boom of free market capitalism in the post-war years, and the cultural affinity that would preface Commonwealth involvement in the coming conflict.³²⁰

³¹⁷ TNA: CAB 23/99, CP 28(39), Conclusions, 17 May, 1939.

³¹⁸ Richer, *Marché de Dupes?*, 91., Hall, *Empire to Commonwealth*, 494., Siegfried, *England's Crisis*, 190.

³¹⁹ Siegfried, *England's Crisis*, 191., Thornton, *The Imperial Idea and its Enemies*, 302. Following the Second World War, Canadian Prime Minister Lester B. Pearson would say that 'only self-interest would hold the new Commonwealth together.' Cited in Francine McKenzie, "In the National Interest," 570.

³²⁰ Francine McKenzie argues that the Second World War increased Commonwealth economic cooperation, and maintained its importance into the 1950s. She does however; recognise that that trade cooperation was charged with political and emotional meaning, incorporating defence and cultural implications, as seen in Commonwealth interactions in the late 1930s. McKenzie, "In the National Interest," 553, 563-564.

Conclusion

By analysing the changes in British economic policy and Commonwealth interactions through the interwar period, this paper has demonstrated that while non-economic factors did play a role in dictating British economic policy, imperial economic policy was more significantly impacted by the Depression itself, which ultimately drove the self-governing members of the Commonwealth to cooperate more closely in order to overcome the economic crisis. However, somewhat counter-intuitively, that cooperation was the result of the ubiquitous self interest of Commonwealth members which, due to issues of capacity related to the imperial economic structure and the context of the scope of the Depression, caused both short term cooperation and long-term divergence of the member states.

The interwar period was a divisive one for the Empire, with many factors driving the emergent Commonwealth apart. The differences between British policy and Dominion interactions before and after the onset of the economic crisis in 1929 demonstrate that much of that division was the result of the beginning of the Depression, which exacerbated existing faults in the imperial economic system. However, as demonstrated by the system of imperial preference established at Ottawa, the Depression did result in increased economic cooperation within the Empire, at least during the worst conditions in the early 1930s. The counterintuitive mixture of increased economic cooperation and increasingly divisive rhetoric complicates this project's initial research question of whether economic crisis drove the members of the nascent Commonwealth together in cooperation, or apart in self-interest. In response to this complication, the terms of the original question must be reconsidered. The definition of self-interest suggests a disregard for others in pursuit of that interest, whereas the definition of cooperation evokes mutual striving for a common goal. It seems that these definitions would be

exclusive of one another, however, the evidence suggests that in this case, cooperation and self interest were not mutually exclusive, and that the Depression ultimately drove the members of the Commonwealth to cooperate out of pragmatic self-interest, even though that cooperation was contrary to long-term trends of divergence (which were also fueled by the ubiquitous self-interest of member states). While this responds to the initial research question of the effects of the Depression on the Commonwealth in broad terms, it does not explain the manner in which the self-interested and somewhat begrudging imperial economic cooperation occurred. How this self-interested economic cooperation occurred was the result of the political context of the 1930s to a degree, but most importantly, it was the product of structural factors linked to a colonial economic system, and contextual factors to do with the scope of the Depression.

Commonwealth cooperation was partly the result of the imperial structure of governance and economics. In a colonial model the interests of the colonies are necessarily subordinate to that of the mother country. In the 1920s, the Dominions, though technically self-governing had not yet been granted the equality of status that would officially come with the Statute of Westminster in 1931. The establishment of the Commonwealth was being discussed at the time, but the cordial cooperation of the 1923 Imperial Economic Conference occurred prior to its actual establishment. Consequently the decade of the 1920s was a period when the Dominions, in spite of their self-governing status, still interacted within a more colonial economic model in which their interests were automatically subordinated to those of the United Kingdom. Although this colonial model was not as strong in the Dominions as it was in the actual colonies of the Empire, the structural legacy of that colonial model remained in spite of increasing Dominion independence.³²¹ In a colonial economic model, it is also in the best interest of the colonial

³²¹ Darwin, *The End of the British Empire*, 40.

territories to support the economic interest of the mother country on which they rely. This would also suggest that given persisting colonial structural elements, the Dominions would intuitively support the interests of the United Kingdom, even as British interest remained focused on world economics, with foreign and imperial policy subordinated to the domestic demand of resolving chronic unemployment.³²² It is not surprising then, that Dominion delegates vied for increased imperial preference while simultaneously supporting British efforts to re-establish free-trade, in spite of freer world trade being at odds with the establishment of a preferential imperial economic bloc.

Based on the rhetoric of Dominion leaders at the 1923 Conference and the later demands of the Dominions at the 1932 Ottawa Conference, this paper has characterized the Dominions as desiring increased Empire trade for their own interests, which arguably has much to do with structural elements of the Empire. However, one must also consider whether the Dominions had an interest in more open markets and were also using the imperial system as a backup economy. The context of the Ottawa Conference is useful for addressing this consideration because, by the time of the Ottawa Conference the Commonwealth had been officially established, allowing the Dominions the constitutional freedom to pursue alternative economic connections to a much fuller degree than they had in the past.³²³ For example, it was a significant constitutional development that the Dominions be allowed to establish their own diplomatic relations with foreign powers.³²⁴ Yet in spite of their increased independence, in 1932 the Dominions were still

³²² For example, at the 1923 Imperial Conference, all delegates recognised economic divergence among the emergent Commonwealth, but nonetheless noted the benefits imperial preference could provide, especially for Britain in a time of economic downturn. "Opening Speeches," *Imperial Economic Conference...1923*, 27-83.

³²³ To clarify, this is not to say they had no alternative economic connections, but without the foreign policy freedom afforded in the formal Commonwealth, there were limits as to what the Dominions could accomplish unilaterally and thus, alternative connections tended to be local (between Canada and the United States, for example).

³²⁴ *Imperial Economic Conference...1923*, 260. Even with the new capabilities granted at the 1923 conference and with the Statute of Westminster, structural problems regarding foreign policy remained persistent. The doctrine of

demanding increased imperial economic ties at the Ottawa Conference. This suggests that the technical equality of the Commonwealth was not enough in practice to prevent the Dominions from being structurally subordinate to Britain, as they remained less developed in their structures of governance. While the Dominions technically had the equality with the United Kingdom that would allow them to establish commercial relations abroad, they lacked the diplomatic capacity to do so without British assistance.³²⁵

Consequently, economic cooperation during the Depression was the outcome of Dominion interest versus capacity. With limited foreign policy infrastructure, the Dominions had a maximum horizon of awareness for world affairs and diplomatic relations and could not operate independently even if they desired to do so. While they were given the opportunity to use British officials for their own national ends, this type of diplomacy was still necessarily coordinated with Britain.³²⁶ The Dominions did begin to establish their own diplomatic services, but there remained a maximum horizon of information attainable without cooperating with Britain, so it was still in the interest of the Dominions to cooperate with the United Kingdom even if British policies were not entirely beneficial to the Dominions.³²⁷ While British analysts retrospectively argued that during the Ottawa Conference the Dominions were also courting the United States for economic advantages and got the most out of the conference by having Britain over the barrel, with limited capacity to engage in foreign policy, it seems doubtful that the

inter-se maintained that the members of the Commonwealth shared the British Monarch, rather than the monarch representing each Dominion simultaneously. This became problematic for the Dominions, as the king still had the ultimate say for foreign policy matters, meaning that in regards to war, peace, and the choice between a free or tariff based economic system, the Dominions remained subject to Britain, in spite of their technical independence. See: Lloyd, "Loosening the Apron Strings," 283-284, 288., Mansergh, *Survey of British Commonwealth Affairs*, 37-40.

³²⁵ Mansergh, *Survey of British Commonwealth Affairs*, 432.

³²⁶ *Imperial Economic Conference...1923*, 257-258., Mansergh, *Survey of British Commonwealth Affairs*, 430-431.

³²⁷ For example, the British vision of an imperial economy stressed slow or "natural" development of Empire industries so as not to compete with British manufacturers and exports. In spite of the British agenda to slow imperial manufacturing while the Dominions sought to expand their growing manufacturing sectors, the Dominions nonetheless cooperated towards building an imperial economy. See: Drummond, *Imperial Economic Policy*, 439-441., Darwin, *The Empire Project*, 432.

Dominions, apart from Canada for reasons of proximity, could have successfully courted the United States to the degree of cornering the British government in the Ottawa negotiations.³²⁸

The Dominions were increasing their trade with foreign partners during the interwar period more generally, but in both the 1920s and in the 1930s, structural reasons contributed to Dominion cooperation with the United Kingdom.³²⁹ In the 1920s the equality of the Commonwealth had not yet been established so the Dominions did not have the freedom to fully pursue other options without British coordination. During the Depression in the 1930s, technical equality was tempered by persisting inequalities within the imperial system, resulting in cooperation as an outcome of Dominion interest versus capacity.³³⁰

While thus far these concluding remarks have focused on the Dominions, the formula of cooperation as the outcome of interest versus capacity also applies to British actions during the Depression, as well as during the wider interwar period. In the 1920s the British government persistently worked to re-establish freer world trade, but due to the economic outcomes of the First World War and the shifting of world financial predominance from London to New York was unable to rally both the British domestic and international economies.³³¹ Consequently, as many authors have argued, with the worsening of the Depression the British government turned to an imperial economy out of a lack of alternatives as a backup system in case of world economic failure.³³² In this case, the benefits of empire would automatically accrue in the mother

³²⁸Research Committee of the Economic Science and Statistics Section of the British Association, *Britain in Recovery*, 137-138., TNA: CAB 24/213, CP 228(30).

³²⁹See: "Opening Speech by Mr. Massey," *Imperial Economic Conference of Representatives of Great Britain, The Dominions, India and the Colonies and Protectorates, Held October and November 1923: Record of Proceedings and Documents* (London: HMSO, 1924): 37-45., TNA: CAB 24/213, CP 228(30).

³³⁰ For example, the Ottawa Conference recognised that the Commonwealth would do its utmost, but the United Kingdom necessarily had to lead financial reforms. *Imperial Economic Conference at Ottawa, 1932, 12-13.*, Miller, *Britain and the Old Dominions*, 41., Mansergh, *Survey of British Commonwealth Affairs*, 34.

³³¹ Kindleberger, *The World in Depression*, 289. Darwin, *The Empire Project*, 431.

³³² SEE Kindleberger, *The World in Depression*, 296. Watson, *Empire to Commonwealth* 18., Cain and Hopkins, *British Imperialism*, 73.

country for structural reasons, allowing Britain to maintain a non-committal stance to the imperial economy, all the while benefitting from both that system and freer world trade.³³³ With the advent of the Depression and the disappearance of other options, it was not the British lack of capacity to have alternatives as it was with the Dominions, but the British lack of capacity to successfully re-invigorate the world economy after losing financial predominance in the wake of the War.³³⁴ Thus, a lack of capacity to engage in pre-war economics forced the British government to turn to the imperial economy during the Depression. In both cases, a lack of capacity to engage with alternative economies encouraged imperial economic cooperation during the Depression, regardless of the apparent inclinations of the United Kingdom and the Dominions.

In addition to the structural forces contributing to imperial cooperation during the Depression were contextual factors in which the members of the Commonwealth were operating. The most significant contextual factor was the scope of the economic crisis. In the 1920s, even as the Commonwealth began to emerge and afford the Dominions more independence to pursue individual policies, the rhetoric of imperial cooperation was high. At the 1923 Imperial Economic Conference some Dominion delegates maintained that it was the duty of the Dominions to aid Britain in a time of economic hardship.³³⁵ At the time, the United Kingdom was experiencing a significant unemployment crisis in which the structural unemployment of an export based system had grown and persisted to the point when all economics were subordinated to the relief of unemployment.³³⁶ The Dominions however, were not nearly so affected by such structural unemployment, and were arguably doing quite well as they consolidated new industries

³³³ TNA: CAB 24/213, CP 228(30).

³³⁴ Darwin, *The End of the British Empire*, 41.

³³⁵ *Imperial Economic Conference...1923*, 225.

³³⁶ Constantine, *Unemployment in Britain Between the Wars* 2, 6-7.

developed during the First World War. Consequently, the Dominions in the 1920s were in a much more cooperative mood, feeling capable of helping the distressed mother country as they themselves were not experiencing the same prolonged economic downturn. This benevolent stance did not survive the onset of the Depression in late 1929 and the Dominions became much more adamant in asserting their own interests to protect and rebuild their domestic economies, no matter the state of Britain.³³⁷ Thus, in the shift from cooperation to negotiation observed at the beginning of this paper, we can see the assertion of self interest as a product of context, with the economic conditions of the Dominions dictating their rhetoric of economic cooperation, and the level of self-interest incorporated into their policy. It was easy for the Dominions to advocate assisting the United Kingdom when they themselves were not in crisis, but the onset of the Depression caused a change in rhetoric in the Dominions, which resulted in cooperation not out of cost-free benevolence, but for the aforementioned structural reasons of interest versus capacity.

As for the contextual factors affecting Britain, the self-interest brought on by economic crisis is evident throughout the 1920s as well as the 1930s. In the prolonged downturn of the 1920s Britain gladly received the benefits of tariff preferences accorded from the Dominions but remained non-committal to wider reciprocating imperial preferences, especially under the Labour government which maintained more commitment to social welfare programmes and international trade. For example, during the seven month Labour government of 1924, while the implementation of the limited imperial preferences agreed to at the 1923 Conference was approved, the government also sought to boost unemployment insurance as soon as possible so

³³⁷ The measures proposed in 1923 (Lloyd Greame speech) were quite similar to those proposed in 1932, and suggest that the Empire as a backup economy was Britain's ongoing crisis strategy. See: "Opening Speech by Sir Philip Lloyd-Greame," *Imperial Economic Conference of Representatives of Great Britain, The Dominions, India and the Colonies and Protectorates, Held October and November 1923: Record of Proceedings and Documents* (London: HMSO, 1924), 27-33.

that it would be implemented to the highest degree before the upcoming election.³³⁸ Similarly, when the Labour government returned to power in 1929, it was not long until they began to discuss reforming unemployment insurance and reducing spending restrictions for welfare, all the while attempting to minimise engagement with the imperial economy.³³⁹ Even if the more protectionist Conservatives desired comprehensive imperial preference, given the value of free trade and the weight of votes connected to free trade profits and the emerging system of social welfare, they were not able to effectively pass such measures and therefore only reciprocated preferences to the minimal degree established at the 1923 Conference. The majority of British policies remained centred on rebuilding more profitable free trade.³⁴⁰ During the Depression itself, this policy direction remained in place until all other options were exhausted. More comprehensive cooperation with the Empire was revisited as a last ditch effort, and this only temporarily. Taken together, the economic context of the emergent Commonwealth encouraged the Dominions to help support Britain in the 1920s without receiving many reciprocated preferences, while Britain accepted those benefits while still remaining committed to world, rather than imperial trade. During the Depression when the economic crisis affected all Commonwealth members, rather than only Britain, members reflected a higher degree of self interest, which coincidentally resulted in increased cooperation due to a lack of alternatives, or the lack of capacity to pursue alternatives.

Although the focus of this paper is predominantly economic, in discussing both structural and contextual factors contributing to imperial economic coordination some non-economic factors must also be mentioned. These factors arguably played a lesser role in the imperial

³³⁸ TNA: CAB 23/48, CP 27(24). TNA: CAB 24/165, CP 176(24), Unemployment Insurance Committee, Interim Report, 12 March, 1924.

³³⁹ TNA: CAB 23/62, CP 40(29), Conclusions, 22 October, 1929., TNA: CAB 23/65, CP 63(30)., TNA: CAB 24/213, CP 228(30). TNA: CAB 24/211, CP 134(30).

³⁴⁰ Finance Act 1919., Drummond, *Imperial Economic Policy*, 52.

economic response to the Depression, but they nonetheless played a role in the context of those policies.

One such consideration is politics, particularly in terms of international relations and the threat of war. In this area, the formula of cooperation as a product of interest versus capacity also holds true. For example, in terms of imperial defence Britain continued to pay the majority of costs for imperial defence, especially for the upkeep of the Royal Navy, which has been argued to be the backbone of the Empire.³⁴¹ Due to the structural legacy of the Empire, while the Dominions were beginning to develop their own naval forces they could not reasonably expect to defend themselves without help from Britain, particularly Australia and New Zealand, which faced concerns of Japanese aggression in the Pacific.³⁴² From the point of view of Britain, a self-sustaining imperial economic system would give the United Kingdom a secure source of food and resources in the case of war, in addition to a large reserve of imperial troops.³⁴³ These potentially symbiotic needs were the product of colonial structures and encouraged cooperation between Britain and the Dominions in order to ensure the best possible strategic situation for the Empire. The 1920s and even more so the 1930s were a troublesome time in the world political sphere, and the fear of war and radicalism only mounted with the onset of the Depression. The context of the interwar period demonstrates not only a structural obligation for imperial cooperation but also a mutual interest in doing so, as for reasons of capacity no parts of the Commonwealth could be independently successful in the event of war. The result was that, as international relations deteriorated and the imperial preferential economic system began to lapse in the late 1930s, the place of economic coordination in conference discussion was taken by talks

³⁴¹ James L. Stokesbury, *Navy and Empire* (New York: William Morrow and Company Inc., 1983), 237-239; Thorton, *The Imperial Idea and its Enemies*, 14.

³⁴² Miller, *Britain and the Old Dominions*, 30., Mansergh, *Survey of British Commonwealth Affairs*, 429. Cmd. 5482, "Imperial Conference 1937, Summary of Proceedings, Sections IX, X, and XI," 165-168, 177.

³⁴³ For example, see: *Imperial War Conference 1917*, 96, 114., *Imperial Economic Conference...1923*, 226.

on increased defence coordination and international appeasement.³⁴⁴ The main principles adopted by the 1937 Imperial Conference illustrate this shift in the focus of imperial coordination.³⁴⁵ Of the resolutions only two were economic, and both of these arguably fit the persisting free-trade agenda of the British government. The rest of the discussion shifted to more politico-military concerns, the preponderance of which notably outweighed economic discourse, not only in the final resolutions of the conference, but also throughout conference discussion.³⁴⁶ Defence coordination was an area in which imperial cooperation was mutually beneficial as the threat of war increased in the 1930s, and encouraged general Commonwealth cooperation. Defence cooperation did not necessarily mean increased economic cooperation, but it was nonetheless a factor pushing Britain and the Dominions together during the interwar period, and is therefore contextually relevant to imperial relations at the time.³⁴⁷

While the late 1930s showed a degree of political convergence in defence matters, on a contrary note, in the realm of constitutional politics there was a tendency for divergence within the emergent Commonwealth. As the Commonwealth was established and the Dominions began to receive increased diplomatic and legal privileges and capabilities, the imperial structure still initially left the Dominions without the capacity to conduct independent foreign relations whereas Britain could do so without consulting the Dominion on its decisions. In cases when Dominion opinions were at odds with British foreign policies (such as the Chanak crisis in 1922-

³⁴⁴ Gallagher, "The Decline, Revival and Fall of the British Empire," 129., Fieldhouse, "The Metropolitan Economics of Empire," 112.

³⁴⁵ The eight principles adopted were: to commit to maintaining peace within the Commonwealth, to focus on cooperation rather than force, to commit the Commonwealth to League of Nations styled arms limitation, to coordinate disarmament and defence among the Commonwealth, to consult and cooperate for world peace, to improve economic conditions within the Commonwealth, to cooperate to remove international trade barriers, and to remain committed to democracy, but be willing to work with other systems of government to achieve international appeasement. Cmd. 5482, "Imperial Conference 1937, Summary of Proceedings, Sections IX, X, and XI", 175. Mansergh, *Survey of British Commonwealth Affairs*, 437.

³⁴⁶ Cmd. 5482, "Imperial Conference 1937, Summary of Proceedings, Sections IX, X, and XI."

³⁴⁷ Tomlinson, "The Empire/Commonwealth in British Economic Thinking and Policy," 246. Whiting, "The Empire and British Politics," 162., Gallagher, "The Decline, Revival and Fall of the British Empire," 94.

23), this was the source of no small antagonism within the emergent Commonwealth and arguably pushed the Dominions to seek more political independence. Consequently, constitutional developments could also be seen as driving the Dominions and Britain apart during the interwar period.

Political issues, particularly dealing with constitutional and defence matters as in the above examples, represented both push and pull factors on imperial cohesion in the interwar period and are important context to imperial economic cooperation. In both of these cases however, the formula of cooperation as a product of self interest versus capacity holds true, with all parties cooperating more when it was in their best interest to do so.

When noting additional non-economic factors, it is also important to note the cultural aspects of the Commonwealth. At all imperial conferences the rhetoric of unity and common British heritage was used to frame discussion and to preface meetings. Arguably the more British the Dominion, the higher degree of cooperation they sought with the mother country, whereas the Dominions with larger minority populations such as Canada with French Canadians, or South Africa with Boers, tended to be more divergent from Britain. This common cultural component was an ever-present background to imperial debates and cooperative measures. Although it seems that cultural considerations were consistently subordinated to other concerns, it is nonetheless another notable non-economic push and pull factor that informed the context of imperial economic cooperation during the interwar period.

Having even cursorily considered some non-economic factors such as the politics of defence, constitutional development, and cultural considerations, we find an increasingly complex picture of the interwar Empire beyond the scope of this paper. Together these push and

pull forces offered impetus both for and against increased imperial coordination and interdependence. Yet in each case there is a shared thread of national self interest, with Britain and each of the Dominions, pursuing the best for themselves, rather than for the Empire as a whole, particularly after the start of the Depression. Hence, after the Depression began and radicalism increased in Europe, out of self-interest Britain and the Dominions increasingly cooperated on defence matters which neither could uphold independently. Similarly, out of self-interest the Dominions strove for political independence, which Britain incrementally granted to avoid antagonism between the Dominions and the mother country. Many historians have argued that this incremental independence in exchange for goodwill was just enough to keep the Commonwealth together during the turbulent interwar period.³⁴⁸ Culturally, most members emphasised their Britishness to strengthen their respective national images, save for the Dominions with more minority populations, which tried to strike a balance between their domestic politics and a greater imperial identity as nationalism grew in the 1930s. These non-economic factors provide context for imperial economic cooperation in the interwar period and help explain the gap between rhetoric and reality which sometimes emerges within documents concerning economic policy. Each British and Dominion government weighed these factors while forming policies, often resulting in a compromise between proposed policies in one area and the complications of another (such as economic realities pushing the Commonwealth together, while constitutional politics pulled it apart). In addition to providing contextual information as well as an explanation for disparity between rhetoric and actual policy, these non-economic considerations also provide further evidence that the members of the Commonwealth were prone to operating out of national self-interest. This evidence reinforces the findings of this

³⁴⁸ Drummond, *British Economic Policy and the Empire* 140., Alford argues that tariffs were wholly political in this sense. Alford, *Britain in the World Economy*, 69.

thesis that Commonwealth economic cooperation was the outcome of member interest versus capacity.

The economic cooperation of the emergent Commonwealth as a product of member-state interest versus capacity has implications not only for how we view interwar imperial relations, but also for the study of supranational organisations, and how such organisations function under the duress of economic crises. If one defines a supranational organisation as a community of member states that must cooperate to achieve the goals of the wider organisation, the emergent Commonwealth can be styled as a proto-supranational organisation, which conformed to this definition in principle, but was restricted by lingering imperial structures. This study has shown that in the case of the Commonwealth, economic crisis enhanced member self interest, but that self interest nonetheless led to cooperation due to the lingering structures of a colonial style-economy. These results have important implications for our understanding of modern supranational organisations such as the European Union, which operates with a common economic system. If the results of this study are extrapolated to supranational organisations more generally, it is clear that large-scale economic crises are inherently divisive to such organisations. However, structural ties may render cooperation more likely, seemingly against the self-interested and therefore divergent tendencies of member states. The further study of Commonwealth interactions, both generally and regarding any non-economic subjects such as defence coordination or cultural ties has great potential to broaden our understanding of modern supranational organisations. The exploration of the heritage of supranational organisations, as well as how they function in different areas of policy, and in the context of various global events, can widen our understanding of state interactions above the national level. This area of research is increasingly relevant as globalisation promotes the establishment of supranational

organisations to manage ever-larger networks of trade and international cooperation, yet does so at a pace which often makes the historicization of such organisations impractical. By studying the proto-supranational phase of organisations such as the Commonwealth, this area of research has the potential to greatly broaden our understanding of the operation of these organisations as they become increasingly prevalent in the contemporary world.

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