Trade Between Canada, Australia, New Zealand, South Africa, and Britain 1920-1973: the End of the Settlement Era

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Introduction

On 31 July 1961, Harold Macmillan, prime minister of the United Kingdom, announced his government’s intention to apply to join the European Economic Community. In an attempt to pre-empt a backlash grounded in emotional attachment to the Commonwealth, Macmillan assured MPs that ‘if a closer relationship between the United Kingdom and the countries of the European Economic Community were to disrupt the long standing and historic ties between the United Kingdom and the other nations of the Commonwealth the loss would be greater than the gain’.\(^1\) The backlash came nonetheless. Across the Commonwealth, political leaders responded with varying degrees of indignation and opposition. Robert Menzies, prime minister of Australia, declared that the British decision was ‘the most important in time of peace in my lifetime.’\(^2\) John Diefenbaker, prime minister of Canada and passionate advocate of the tie to Britain, condemned the British for ‘writ[ing] off the Commonwealth’.\(^3\) Keith Holyoake, prime minister of New Zealand, described the decision as an ‘economic threat’.\(^4\) South Africa, which had recently taken itself out of the Commonwealth with little damage to its trade relations with Britain, had a much more attenuated response.

These reactions to the British announcement that it would seek to join the EEC are suggestive about historical connections, methods of investigation and lines of inquiry. First, the connection to Britain was obviously a subject that inspired powerful emotional responses in leaders from Canada, Australia and New Zealand as late as 1961, thirty years after the Statute of Westminster, and presumably also reflected the attachment of many of their citizens to Britain. A sense of attachment, shared identities and common interests persisted, at least in the rhetoric. Even where the response was more muted – in South Africa – there was nonetheless a vibrant trade relationship and the fact the government did not draw attention to it was also linked to the powerful, but divisive and negative, reactions that the connection sparked. Second, dominion and British politicians understood trade to be a meaningful connection to Britain, both as an

\(^3\) Ward, p. 163.
expression and pillar of their relationship as well as a more pragmatic reality. Trade policies and patterns can, as a result, be read to gain insight into relations between states that might, or might not, be evident in political statements and rhetoric. For example, trade patterns and policies were measures of the warmth or chilliness of a relationship and could also be used to change that temperature. Trade links were also a subliminal and powerful form of international contact. What people consumed both shaped and affirmed individual values, tastes, and preferences which in turn informed national identity and influenced international connections. Moreover, trade policy revealed the relationship that governments aspired to, even if they were not always realized or publicized. Finally, the various responses suggest that economic realities and political preferences are linked.

These observations all have implications for our understanding of the development and national identities of the so-called ‘old dominions’, which had all been colonies of settlement in the British Empire. Although historians dispute whether trade was incentive for or consequence of British imperial expansion in the 19th and 20th centuries, there is no question that the imperial connection profoundly shaped settler societies and economies. The early economic development of Canada, Australia, New Zealand and South Africa was primarily determined by pre-existing settlement, geographical realities and environmental opportunities, which were strikingly similar in their emphasis on resource extraction (mining) and agricultural production (wheat, livestock, horticulture). British economic interests, industrial needs, and investment capital, accompanied by an unquestioning sense of priorities and focus on the metropole, meant that a utilitarian logic and policy prevailed which influenced the dominions’ economic development, in particular developing primary sectors of economic activity which little encouragement for diversification and industrialization. As colonies of settlement, their economies developed within a global economic environment to which Britain was central. Their economic activities and policies confirmed and reinforced their colonial political status.

5 There are, for example, many works which examine the spread of American commercial influence, although they are not simply accounts of cultural capitulation but also of resistance, adaptation and appropriation. Victoria de Grazia, Irresistible Empire: America’s Advance Through Twentieth Century Europe (Cambridge MA, 2005). Reinhold Wagnleiter, Coco-colonization and the Cold War: the cultural mission of the United States in Austria after the Second World War (Chapel Hill and London, 1994). Jeff R. Schutts, ‘Born again in the Gospel of Refreshment: Coco-colonization and the Re-making of Postwar German Identity’, in David F. Crew, ed., Consuming Germany in the Cold War (Oxford and New York, 2003), pp. 121-150.

In the twentieth century British politicians certainly believed that trade ties were essential to political goals, especially the preservation of the British Empire and Commonwealth. After the First World War British politicians formulated trade policy in a strategic way, to counteract constitutional developments, such as the Statute of Westminster, and the growing independence of the ‘old dominions’, in order to sustain British influence, even if it existed in an informal condition. Britain was displaced by the United States as the centre of a global economy after the First World War and devastated financially by the Second, contributing to the country’s relative and relentless economic and political decline. Maintaining an imperial economy with Britain at its centre might stave off, even reverse, this decline. As J. E. Coulson of the Foreign Office explained in 1945, ‘our position as the center of the British Commonwealth will, if we can maintain harmonious economic relations with the Dominions, go far to provide us with the power which we require for the backing of our foreign policy.’ The importance that British officials attached to imperial, and increasingly Commonwealth, connections was evident when Conservative and Labour governments alike decided against throwing in their lot with economic integration in Europe such as the European Coal and Steel Community, culminating in the Treaty of Rome in 1957. One year later while visiting New Zealand, Harold Macmillan remained completely confident that the decision to stand aside had been the only decision: ‘it was obvious that in view of all our long history, all our obligations to our Commonwealth partners, especially in respect of food and other agricultural products, we clearly could not join

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10 Wolfram Kaiser, *Using Europe, Abusing the Europeans*. 
the European Customs Union. We decided without the slightest hesitation that we could not join it.¹¹ When the decision was made, grudgingly, in 1961 to apply to join the EEC, British officials fought a rearguard battle, denying that their actions were a betrayal of the Commonwealth connection or an injury to the commercial welfare of the dominions. They began to redefine the basis of the Commonwealth association, de-privileging its economic foundations, in order to bolster their assertions that joining continental Europe economically did not imply a rejection of the Commonwealth. The attempt to balance concessions to Europe and preserve preferences and privileges enjoyed by Commonwealth members complicated British negotiations and was one of many factors which ensured that Britain’s application would be protracted.

Nationalist historical narratives of Canada, Australia, New Zealand and South Africa intersect with narratives of British decline and re-orientation, even if they are sometimes told as though they were entirely separate.¹² Nationalist accounts trace an inexorable progression from colony to nation¹³ and generally regard the period between the First and Second World Wars as crucial to their nationalist awakening, signaled in part by their emergence as individual and independent actors in world affairs. The timing and pace of the Canadian, Australian, New Zealand and South African experiences of decolonization differed, but the broad outline and pattern were the same. Such accounts generally focus on political and constitutional developments, but there is a parallel economic story.

In the late 19th and early 20th centuries, the settler colonies experienced tremendous economic growth within an imperial-international economy: they were specialized; their development was export-driven; and they were semi-industrialized by the start of the First World War.¹⁴ After 1918 the dominions realized the limits of imperial trade – particularly the British market – and they became increasingly engaged in international and regional economic activity

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and took action in an independent vein, such as establishing independent central banks. The underlying assumption that political and economic approaches were parallel meant that rudimentary economic development and on-going commercial attachment to Britain was evidence of persistent colonial subordination whereas economic diversification and commercial detachment confirmed their decolonization and arrival as fully fledged states.

Recently several historians have challenged nationalist historical interpretations. Tony Hopkins maintained that the ties between Canada, New Zealand and Australia remained strong, vital and varied well into the 1950s, ‘long after responsible government and dominion status had been conferred.’ This interpretation has a specific economic version. John Singleton and Paul Robertson have argued that a discrete imperial economy persisted up to the 1960s. James Belich has pushed the argument even farther, claiming that Britain effectively recolonized New Zealand economically after the Second World War. Ronald Hyam and Peter Henshaw have demonstrated commercial and financial interdependence between Britain and South Africa long after a Nationalist government, ‘for whom there was no higher ambition than to free their country from subordination to Britain’, was elected in 1948. Tim Rooth has gone so far as to apply the recolonization concept to South Africa, a product of pragmatic policy-making under the Malan government. These argument, as well as passionate declarations of attachment to

15 G. R. Hawke, The Making of New Zealand (Cambridge, 1985); J. D. Gould, The Rake’s Progress: the New Zealand Economy Since 1945 (Auckland, 1982); J.L. Granatstein, How Britain’s weakness forced Canada into the arms of the United States (Toronto, 1989); M. Hart, A Trading Nation: Canadian Trade Policy from Colonialism to Globalization (Vancouver, 2002). Hart’s interpretation is not primarily concerned with the link between economic developments and political evolution. His argument is that when Canadian trade policy became more rational and professional, and moved towards closer trade relations with the US, it became more mature (p. 124). The underlying logic is not wholly different from those who advance nationalist political interpretations.


17 J. Singleton and P. Robertson, Economic Relations between Britain and Australasia 1945-1970 (Basingstoke, 2002). As Singleton explained it, other economic historians have overlooked the persistent economic ties between New Zealand and Britain so that they can ‘focus on the areas of commercial endeavour in which New Zealand was independent.’ ‘New Zealand, Britain and the Survival of the Ottawa Agreements, 1945-1977’, Australian Journal of Politics and History, 43 2, (1997), 177.


Britain like those made by Diefenbaker, Menzies and Holyoake, cast doubt on nationalist political narratives.

This paper attempts to reconcile these contradictory historiographical trends. It focuses on trade relations between Canada, Australia, New Zealand, South Africa and Britain from 1920-1973, beginning with an analysis of trade patterns between the so-called ‘old dominions’ with Britain. It then explains Canadian, Australia, New Zealand and South African trade policies to better understand government interests, priorities and objectives. The challenge is then to read trade patterns once they have been situated in a policy context. Government aims need to be connected to commercial patterns which were determined by many forces other than political will. Two connected questions can then be asked and, hopefully, answered. First, what do commercial connections tell us about political alignments? Do they shed light on when and how the dominions become fully decolonized? Second, is it possible to identify when, whether and how settlement ceased to have a profound impact on economic development and activity?

TRADE PATTERNS BETWEEN CANADA, AUSTRALIA, NEW ZEALAND, SOUTH AFRICA AND BRITAIN, 1920-1973

Canadian, Australian, New Zealand and South African trade patterns from 1920-1973 break up into five sections, corresponding roughly to each decade. From 1920, when trade patterns reverted to “normal” circumstances after the First World War, to 1929 (the eve of the Depression) trade was essential to the economic health of the dominions. Canada’s principal exports were overwhelmingly primary in character and a handful of items accounted for a large proportion of overall exports. There was some diversification. For example, American branch plants in Canada exported manufactured goods. But such diversification did not last.21 Canada remained primarily an exporter of food products and natural resources and had two principal markets: Britain and the United States. Australian exports were similarly primary in composition, with a small number of items making up about 75% of total exports. Of these goods, wool was far and away the most important export. Over 50% of Australian goods headed to the distant British market at the start of the decade; there was a striking drop to 36% by its close. Some regional opportunities were evident, such as the flourishing trade with Japan. The

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United States was also an important market although it lagged far behind Britain and was losing ground. New Zealand exports were overwhelmingly headed for the British market and despite slight annual variation, at the close of the decade its position was virtually the same as in 1920. 19th century commercial links between New Zealand and Australia had largely fallen away, mainly because they were natural competitors. Because of a global trend towards agricultural protection there were few markets other than Britain that were accessible to New Zealand agricultural products. In part because of this, New Zealand developed as a farm for the industrial imperial metropole. Technological advance, such as refrigeration in the 1880s, sustained this economic relationship. The first trip made by The Dunedin in 1882 carrying mutton and butter to London is legendary in New Zealand history. The British market was also the predominant destination for South Africa’s exports. Over 70% of South Africa’s exports were headed to the UK, with Japan, the US and Britain trailing by a long way. Although these exports were from the primary sector, they were not principally agricultural commodities. Gold and diamond discoveries in the late 19th century had attracted an inflow of foreign capital which had been used to develop the mining industry, the pillar of the South African economy and central to its subsequent development in the 20th century.

The period from the Depression until the eve of the Second World War witnessed economic upheaval and international tension. Canadians, Australians, New Zealanders and South Africans felt the effects of international economic collapse, although to differing degrees. For instance, the gold mining industry in South Africa actually flourished during the depression, although other sectors of the economy, such as agricultural, retrenched. All appreciated the value of an imperial solution to their economic problems in the form of the Ottawa Imperial Economic Conference of 1932 which reinforced intra-imperial trade in an attempt to offset rising protection all over the world. Following the conference Britain regained the top spot as a market for Canadian exports, a position it held until 1939. Australian exports to Britain also began an upward climb which lasted until the war. As for New Zealand, exports to Britain dropped by almost 15 percentage points over the course of the decade. Even so, Britain remained

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22 This is a standard description of the New Zealand economy. For example, W. J. Gardner claimed that New Zealand’s prosperity in the late 19th century was bound up in ‘expansion as John Bull’s remote farm.’ ‘A Colonial Economy’ in Geoffrey Rice, ed., The Oxford History of New Zealand, 2nd edition (Auckland and New York, 1992). Author interview with James Meade, 1993.

23 Belich, in Paradise Reforged, claims 1882 is the best know date in New Zealand history, p. 53.

overwhelmingly the most important destination. South Africa’s exports to Britain dropped from an exceptionally high rate of 85% in 1935 to roughly 60% by the start of the war. Gold was the crucial commodity in sustaining this connection as gold comprised more than 40% of total exports of which virtually the entirety was sold to Britain.

The years of the Second World War and the immediate postwar years, roughly the 1940s, witnessed global devastation and preliminary reconstruction. A pattern emerges for Australian, South African and Canadian trade patterns: their market share in Britain declined while all made advances in the American market. In Canada’s case this was part of a longer pattern in which Britain and the US regularly swapped position as top destination for Canadian goods, such as in 1940, 1941 and 1943. After the war, the US finally and definitively supplanted Britain as Canada’s main market. In the case of Australia there was a spike in trade patterns which, in Australia’s case, meant the US eclipsed Britain as a market. This was clearly a product of the vicissitudes caused by the war and the disruption of sea trade. Immediately after the war, Australian trade with Britain increased although Britain did not reach its prewar heights. South Africa also began to trade more seriously with the US during the war. If one excludes gold, 1942 saw Britain reach its lowest point by value as a market for the entire period under study (14.3%) whereas the US narrowed the gap considerably, purchasing 8.8% of exports in that same year. In 1946, the UK and US were virtually neck and neck as markets. But the next year there was a dramatic return to prewar patterns as Britain re-established itself as the principal market and continued to grow into the early 1950s. The disruption to seafaring commercial ships does not explain the dramatic shifts entirely because trade with the US was also carried at sea and New Zealand, the most remote dominion from the British market, saw little effect on its export patterns; Britain saw only a slight decrease and the US a slight increase. New Zealand exports to Britain held steady although there was a gradual and long-term decline evident after 1950.

The 1950s, the beginning of an international economic boom, saw consolidation in trade patterns, even though the individual export patterns of the dominions varied. For Canada, the American and British markets were on reverse trajectories of ascent and decline. The British market saw slight dips for Australia, New Zealand and South Africa but nonetheless ended the decade as their single most important market. Although the US market became the overwhelmingly dominant market for Canadian goods, the three Southern dominions did not
make significant inroads into the American market. Indeed, Australian and South African exports dropped as market opportunities closer to home were developed, such as steadily increasing trade between Australia and Japan and South Africa with its near neighbours, Northern Rhodesia and Southern Rhodesia.

The 1960s opened with growing British interest in developing commercial links with Western Europe. Although Australian, New Zealand and South African exporters continued to trade primarily with Britain, British market share was dropping steadily, a product of the industrialization and diversification of the dominion economies which made them more competitive, as opposed to complementary, with British commercial activities. The 1960s therefore saw a more complex but general pattern emerge: on-going decline of the importance of the British market; the increase in the American market, a result of American economic engagement along more liberal lines after 1945 and its assumption of the central position in a global economy; the cultivation of other market opportunities – such as West Germany and Japan - some of them regional in character, for instance trans-Tasman trade.
Graph 1a: CANADIAN EXPORTS TO PRINCIPAL MARKETS, 1920-1973 (% of total)²⁵

Graph 1b: AUSTRALIAN EXPORTS TO PRINCIPAL MARKETS, 1920-1973 (% of total)²⁶

²⁶ Add stats for NZ.
The export stories of the four dominions were different in important respects, including the distribution of exports, the volatility of trade patterns and the composition of exported goods. Even so, their export patterns followed the same general direction: there was a drop in trade with

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28 The statistical information is contradictory and inconsistent, in particular concerning the treatment of gold, South Africa’s leading export. I am still mulling over how to chart South Africa’s export patterns.
Britain between 1920 and 1973. (Graph 2) The decline of the British market was significant in all cases although there were two general categories. For Canada and Australia, the British market ended as a significant but secondary trade partner (6.2% and 8.9% respectively), a much sharper drop in Australia’s case (from 56.3% in 1920 compared to 24.1% for Canada). The British market also lost its overwhelming importance for both New Zealand and South Africa (from 74% in 1920 to 24.2% in 1973 for New Zealand; from 73.1% in 1920 to 29.5% in 1973 for South Africa) but nonetheless remained the single most important market for both countries’ exporters. Britain was eclipsed not just by the American market but in some cases by Japan which is an indication of the extent to which Japan was emerging as a world economic leader as well of the degree to which Canada, South Africa and Australia were engaged in regional and international trade and responding and adapting to changing international economic circumstances. The postwar development of regional commercial patterns seems to have been delayed by the compounded disruptive effects of the depression and the war since dominion exporters had established toeholds in the Japanese market in the 1920s but did not have enough time or conducive circumstances to develop them into niches.
These downward adjustments occurred even though, perhaps because, the commodities being exported did not change greatly. Over this fifty year period, the top Canadian exports more or less held their position. For example, in Canada, newsprint had been second in 1926, first in 1948, and was second again in 1970. Wheat had been first in 1926, second in 1948 and held steady in fifth spot by 1970. Some of the main items were also quite volatile. For instance Canada’s fledgling car industry of the 1920s (the product of American branch plants) lagged badly after the war. The Auto Pact agreement with the United States in 1965, which permitted free trade in cars and parts, immediately revitalized the industry and reversed Canada’s unfavourable balance of trade with the United States. (Graph 3a) Australia’s overwhelming dependence on wool was deepened by the Second World War as well as the Korean War (1950-1953). But by the end of the 1960s the effects of industrial diversification and the intensified development of mining, led to a broader range of top exports without any single commodity dominating the way wool had. (Graph 3b) In New Zealand, despite a reordering of the leading exports, there was no real diversification of exported goods. (Graph 3c) These findings suggest that economic development was not transforming what was produced for export, although some of these exports were subject to more refining. As for South Africa, its export situation was
unique because of its gold resources. Despite some fluctuations in the degree of its dominance among top exports, and its gradual decline as a percentage of GDP, a result of more diversified mining activity (for example uranium, linked to the development of atomic bombs during the Second World War and throughout the Cold War), gold gave South Africa a commodity for which demand was elastic and insatiable.\(^\text{29}\) (Graph 3d)

Graph 3a: CANADA’S MAIN EXPORTS 1920-1970 (% of total)\(^\text{30}\)

\(^{29}\) Jones and Muller.  
Graph 3b: AUSTRALIA’S MAIN EXPORTS, 1920-1970 (% of total)
Graph 3c: NEW ZEALAND’S MAIN EXPORTS 1920-1970 (% of total)

Graph 3d: SOUTH AFRICA’S MAIN EXPORTS, 1920-1970 (% of total)

31 New Zealand Official Yearbook 1924, 1933, 1944, 1953.
An analysis of imports can also be studied by decade. In the 1920s, the US was a far more important source of supply for Canada than Britain, a position it had enjoyed since the late 19th century. Britain’s role as a supplier for Australia was volatile but also steady. As the decade closed Britain and the US stood in almost the exact place that they had begun in 1920. New Zealand imports were in a holding pattern with Britain the most important supplier by a great deal. The US and Australia were other important sources of supply. Britain enjoyed a dominant position as supplier for South Africa, fulfilling over 60% of domestic demand. The United States, although a distant second, was still an important source of imports. The 1920s also marked the beginning of a steady decline for British imports.

The onset of the Depression created some fluctuation in imports and a pattern emerged for Canada, Australia and South Africa. Following the 1932 Ottawa Imperial Economic Conference, their imports from Britain all rose slightly for one or two years before reverting to 1920s levels by the start of the Second World War. American imports fell in the early part of the decade but regained lost ground and in the cases of Canada and South Africa they surpassed their 1932 share of the market. As for New Zealand, imports from Britain and the US both dropped roughly 10% during the 1930s whereas Australia almost doubled its market share.

As was the case for exports, the 1940s were volatile because of the war. There is a pattern for all of the dominions: a sharp spike upward in American products entering their markets. The increase occurred within one to three years of the start of the war, in some cases (such as New Zealand and Australia) overlapping with the arrival of American servicemen. In Canada the increase confirmed and deepened American dominance as a supplier. For the three southern dominions the effect was more startling: the United States surpassed Britain as a supplier. In all cases Britain re-established itself as the top supplier in Australia, New Zealand and South Africa in the early postwar years and either equaled or significantly exceeded its prewar market share. The United States lost ground.

The 1950s witnessed global economic growth as nations recovered from the devastation and dislocation of the war. The decade also saw a gradual decline of British commodities in the dominions which American exporters did not immediately capitalize on. American goods consumed in Canada, New Zealand and South Africa were stable proportionally – the value

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32 The United States first surpassed Britain as a supplier to Canada in 1876. Britain regained top spot between 1880-1882, slipped again until it pulled even with the US in 1887, and thereafter lagged far behind.
could vary considerably year to year - whereas there was significant growth in Australia. Japan and West Germany were also important suppliers, building on prewar trade contact and demonstrating their respective miraculous economic recoveries (the wirtschaftswunder in Germany).\textsuperscript{33}

In the 1960s British losses began to translate into American gains in Australia and New Zealand and there was a convergence: the gaps between Britain and the United States as suppliers to the southern dominions were almost entirely wiped out, even seeing some reverse of position. The 1960s also saw a rise across all dominions in the consumption of Japanese goods which confirmed Japan’s economic recovery from the war and its reintegration into the world economy. West Germany’s importance as a supplier in South Africa surged forward; by 1974 it passed UK as top source for imports. This development was linked to the rapid growth of the EEC, which had come into effect on 1 January 1958.

Graph 4a: IMPORTS TO CANADA FROM PRINCIPAL SOURCES OF SUPPLY 1920-1950 (% of total)

\textsuperscript{33} Japan was allowed to join the GATT in 1956.
Graph 4b: IMPORTS TO AUSTRALIA FROM PRINCIPAL SOURCES OF SUPPLY 1920-1973 (% of total)

Graph 4c: IMPORTS TO NEW ZEALAND FROM PRINCIPAL SOURCES OF SUPPLY 1920-1973 (% of total)
British imports in Canada, Australia, New Zealand and South Africa dropped significantly from 1920-1970. (Graph 5) And of course this drop, seen from a British standpoint, meant that its exports to the dominions were dropping off sharply. British decline and its replacement by the United States as the centre of the international economy was confirmed by these trends. Import patterns also confirm the importance of Japan as a world trader, as well as other European countries, principally West Germany. The diversification of trade patterns testifies to the importance of both regional commercial opportunities and logics as well as international specialization.
The principal commodities imported demonstrated both change and continuity. In Canada, coal was the top import in 1926, it ranked third in 1948 and dropped to 16th in 1960. Petroleum was the second most important import in 1926, first in 1948, and held steady at third in 1960. Auto Pact made its impact on imports as well as exports. After 1965 cars, trucks, parts, chassis, engines and related items dominated the import charts. The overall increases, both absolute and relative, for parts, machinery, wires and other items needed for industrial production demonstrated the extent to which Canada had become an industrial economy.

(Graph 6a) Australia and New Zealand had a much wider and more varied range of imports in comparison with their intense concentration on a few export items. In the 1920s their leading imports were consumer goods such as clothing, tea, sugar, and household products but by 1970 imports served a more intensive and varied industrial sector. The shift in the composition of imports is indicative of overall economic development and transformation, although both also confirm the importance of the primary sector for agriculture and mining. (Graphs 6b & c) South Africa’s imports followed the general trend of heavy reliance on foreign sources of consumer goods such as tea, coffee, jams, children’s toys, and books, to imports to support industrial
activities. South Africa also seemed to rely on foreign sources of food to a greater extent than the other three. (Graph 6d)

Graph 6a: CANADA’S MAIN IMPORTS 1920-1970 (% of total)

Graph 6b: AUSTRALIA’S MAIN IMPORTS 1920-1970 (% of total)\textsuperscript{34}

\textsuperscript{34} No statistics available for amount of petroleum imported in 1940. I have used the figure for 1939 instead.
The economic picture that emerges by 1970 is of economic growth and diversification but not a complete transformation. Primary exports, as well as dependence on outside suppliers for machinery, fuel and other manufactured goods was a persistent pattern. It is also the pattern
characteristic of developing countries which Canada, Australia and New Zealand clearly were
not; South Africa was simultaneously developed and developing. Shifts in labour reveal the
extent to which they had more strongly developed manufacturing, service and banking sectors,
for instance. (Graph 7) Nonetheless, they still specialized in agriculture and natural resource
extraction, particularly when it came to exports.
Graph 7: PROPORTION OF LABOUR FORCE ENGAGED IN SECTORS OF THE ECONOMY

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AUSTRALIA 1921 (Note: Manufacturing includes construction)

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A=Agriculture, Forestry and Fishing; E=Extractive Industry; M=Manufacturing; S=Services; C=Commerce and Finance; O=All Other
There was unquestionably a steep decline in imperial trade from 1920-1973, but the change was gradual and not relentless. Still, the views of Singleton and Robertson and others that an imperial economy was evident after the Second World War in terms of volume of trade as well as patterns of economic development which perpetuated commercial links between the dominions and the former mother country have much merit. There was no obvious watershed although one could make a case for sometime after World War Two although the precise dates would not be constant for all of the dominions. The stark split for Canada after 1945 constituted a very different pattern that the on-going importance of Britain as a trading partner for Australia, New Zealand and South Africa. But variations in date aside, the postwar era could also be considered the end of the imperial era. For example, Jones and Müller claim that after 1961, both import and export patterns showed ‘that the colonial nature of South African trade had ended.’\(^3\) An argument in favour of the postwar period as the time when the settlement era closed is strengthened when one compares trade patterns before and after 1950. An analysis of trade patterns over the first thirty years (1920-1950) would emphasize Britain and the United States only. Regional trade links were not well developed. Nor had Japan and West Germany emerged as important commercial partners for any of the dominions. Indeed, by 1950 one can make a case that Australia, New Zealand and South African trade relations with Britain were stronger after the war than before. Collectively one can discern an imperial economic structure. But after 1950 the argument, and the structure, do not hold up well. The question to ponder is what does the gradual and more or less steady decline in trade with Britain tell us about how the settlement era ended?

**TRADE POLICIES IN CANADA, AUSTRALIA, NEW ZEALAND AND SOUTH AFRICA 1920-1973**

This analysis of trade policy focuses on three episodes: the Ottawa Imperial Economic Conference of 1932 and its aftermath, the international effort to set up the General Agreement on Tariffs and Trade in the 1940s (roughly 1943-1948), and the first British application to join the European Economic Community (1961) and its aftermath. In all instances, Canadian, Australia, New Zealand and South African officials were forced to come to terms with the

\(^3\) Jones and Müller, p. 351.
possibilities and limitations of an imperial economy and an international economy in which the United States was central. The dominion governments were confronted with options: whether to trade in an imperial context, represented by Britain and preferential tariffs, or to focus on international trade, represented by the United States, among others. There was a sense that these choices were mutually exclusive and had implications for their international relations more generally.

In 1930 Prime Minister R. B. Bennett of Canada campaigned on a promise to use tariffs to blast into foreign markets. While the economic logic underpinning this policy was not clear, the political message was welcome: a government under Bennett would not sit idly by. After the election, Bennett called for an imperial solution to the Depression, not surprising given Canadian exports were badly affected by the closing of the American market. In addition, the Conservative party in Canada had a long tradition of nurturing ties to Britain.

During the Ottawa Imperial Economic Conference of 1932, Canadian negotiators focused on discussions with Britain and had little interest in negotiating with any other delegation. However, Canadian officials were not inclined to make concessions to British exports, also desperate for sale abroad. 36 Within the British market, which was still largely open to all traders on all equal basis, Australia faced stiff competition from Argentina and Denmark for wheat, wool and meat. As Britain turned increasingly towards protection, Australian negotiators had the chance to secure a preferential advantage for its principal exports. New Zealand negotiators also approached the conference with eyes focused on Britain. They wanted guaranteed prices for agricultural products and preferential access to the British market over foreign producers as well as the other dominions. 37 Like their Canadian colleagues, they expected to offer little in return for preferred treatment in the British market. As the British trade commissioner in Wellington observed, ‘there is some idea here of endeavouring to get something for nothing out of Ottawa.’ 38 But the Ottawa Conference of 1932 was not much of an opportunity for Wellington to improve the terms of trade with Britain. New Zealand tariffs on British commodities were already low and Britain purchased the vast majority of New

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36 Rooth, British Protectionism, p. 95.
Zealand exports duty free. London and Wellington could only reaffirm a commitment to continue to exchange favourable conditions.  

The British delegation, which had arrived badly prepared, was shocked and dismayed by the absence of common cause and mutual support. British officials singled out Bennett and Stanley Bruce, the leader of the Australian delegation, for special censure for demanding concessions in a brutal way, ‘as if they were dictating terms to a beaten enemy, as indeed they were – and all were at once conceded.’ In truth the representatives of all of the four dominions had their elbows out and assiduously pursued their individual commercial interests, even at one another’s expense.  

Public statements at the beginning and end of the Ottawa conference affirmed the integrity and strength of the Empire and Commonwealth. On the opening day, J.G. Coates of New Zealand declared ‘It is instinctive in our people that, in adversity, we should seek not merely our own self-preservation but also the preservation and advancement of other members of the family of British nations.’ Stanley Baldwin, leader of the British delegation, proclaimed at the end of the conference that the willingness to extend preferential tariffs to one another was significant because it revealed that the dominions were choosing ‘closer imperial unity’ over ‘purely national interest’. The extension of preferential tariffs reinforced the idea of a Commonwealth economic bloc. The agreements defined preferential margins - the difference between the lower imperial rate and the higher foreign/general rate - which were then set out in contractual terms. Preferential margins could not be altered without the consent of the beneficiary, which encroached on the autonomy of all participating governments. But even though they worked within an imperial economic context, Canadian, Australian, New Zealand and South African trade policies, not to mention those of Britain, were nationalist in conception. The imperial preference system bestowed its advantages on imperial and Commonwealth exports by raising tariffs on ‘foreign’ (meaning non-Commonwealth) commodities, not by lowering tariffs on Commonwealth goods. And preferential tariff rates were kept sufficiently high to offer protection to new industries in Canada, Australia, New Zealand and South Africa.

39 Drummond, Imperial Economic Policy, 246.

The imperial economic option was not the answer to Canada’s trade woes. When the United States introduced the Reciprocal Trade Agreements Act (RTAA) in 1934, Canada was quick to line up to negotiate a new trade agreement. The Canadian-American negotiations led to agreements in 1935 and 1938, in which imperial preference was used as bait to entice the US to make more far-reaching concessions.\footnote{I. M. Drummond and N. Hillmer, *Negotiating Freer Trade: the United Kingdom, the United States, Canada and the Trade Agreements of 1938* (Waterloo, 1989).} The Canadian approach to trade was pragmatic. Sentiment had little impact in the way Canadian policymakers or trade negotiators understood the national interest.

Despite Australian enthusiasm for imperial trade, Australia also sought opportunities in the American market in the hope it could offer more profitable and sustainable opportunities for exports. The partial reversal of American protectionism after 1934 created an opportunity to put Australian-American trade relations on a new footing. But in 1939 their negotiations had not yet led to fruition, not for lack of trying on Australia’s part. The fundamental problem was that Australia did not figure prominently on American official radar. As a result Australia continued to value its trade connection to Britain because there were few options.

One might have expected New Zealand to be interested in the opening of the American market through RTAA because the price of New Zealand’s agricultural exports had plummeted during the Depression and officials like Coates, minister of finance from 1931-1935, recognized that the British market ‘was not bottomless’.\footnote{Brown, ‘From Bulk Purchase’, p. 42.} Nonetheless, New Zealand expressed no interest in the possibility of negotiating a trade agreement with the US. It did, however, introduce measures to offset its economic vulnerability. A radical Labour government, first elected in...
1935, introduced quantitative restrictions to minimize economic upheaval brought on by external forces and thereby ensure decent living conditions for all of its citizens. The government took these steps even though its key trading partners objected to their methods.

During the Second World War, the US emerged as a more important ally to New Zealand. Wellington opened a legation in 1942 and sent the deputy prime minister and minister of finance, Walter Nash, to head it. A Canadian legation had been established in Washington in 1927. Although New Zealand officials tended to view Anglo-American proposals for a reformed international economy - what would become the General Agreement on Tariffs and Trade - with suspicion, Canadian officials were enthusiastic. Ottawa identified multilateralism as the ideal framework for postwar trade, especially as officials predicted that Canada would have to increase postwar exports over the prewar level by 60% to ensure prosperity.

South Africa also developed more extensive contact with the United States during the war. But there was no urgency to their relations, in sharp contrast to Canada, Australia and New Zealand. Although South African officials attended Commonwealth meetings during and immediately after the war where the question of postwar trade was taken up, their participation was not especially forceful. Gold seemed to have inspired a measure of confidence, or perhaps complacency. However, there was a sense that South Africa could benefit from a more accessible American market, although it stood to gain only from highly specific concessions and not a general reduction of obstacles to trade. In particular it would benefit from a lower American tariff on wool.

Wartime discussions about a reconstituted international trade regime were a subject of great interest to Australia. However the logic underpinning the wartime discussions on postwar trade emphasized the importance of lowering tariffs as the means to stimulate global trade flows. In Australia, economists like Nugget Coombs believed that emphasis on lowering tariffs was misplaced. Conditions of full employment ensured that goods flowed freely and efficiently around the world. There was also apprehension that engagement in an international economy, with its implied retrenchment on the imperial side, would make Australia vulnerable to international pressures, as well as the United States. As a result, Australia was reluctant to make concessions in the original GATT negotiations that would jeopardize its place in the British market: Britain was akin to a security blanket.

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Despite such reservations, Australian involvement in the establishment of the GATT was done with an eye to improving its market presence in the United States. Britain pressed relentlessly for Australia to enter into tariff negotiations but Canberra had little interest. By the end of the war Australia’s share of the British market could not be significantly improved, especially because economic analyses confirmed that the British market would not grow. So as the GATT negotiations approached, the Australian delegation had one particular goal: persuade the US to reduce its tariff on wool by 50%. At 34 cents per pound, the American duty on effectively doubled the price of raw wool, curtailing American demand.\textsuperscript{49} South African negotiators were also keen on a reduction of the wool duty although, because it was not the principal supplier, they stood on the sidelines while Australian negotiators sat at the negotiating table. Australian officials expected that the US would grant the concession, which stretched American bargaining authority to its limit, because in wartime trade negotiations the US had seemed to indicate both its willingness and ability to effect such a drastic cut.\textsuperscript{50} But once their negotiations commenced in Geneva they were almost immediately locked on issues over which neither was willing to bend. Australia insisted on the full 50% reduction, without which it would not abolish or reduce any of the preferences it either extended or received; the US was intent on concerted action to dismantle preferential tariffs and was frustrated by the Australian ability – a product of contractually bound margins – to block progress on this crucial front not only in negotiations with Australia but with all of the participating members of the Empire and Commonwealth. South Africa, as well as New Zealand, suspended all trade negotiations with the US in a show of solidarity on the wool standoff. Their heads of delegation also backed up Australia by sending strong rebukes to the leader of the American delegation, Will Clayton. The entire conference verged on collapse because of the Australian-American deadlock; political intervention at the highest level in both the US and Australia was required (this included a presidential veto on a bill that would increase the tariff on wool and the dispatch of John Dedman, a cabinet minister, to take charge of the Australian delegation) to broker a compromise that left the US believing it had made a major concession (a 25% reduction), for which it had received scant compensation. But even if the American gesture looked impressive on paper, the


\textsuperscript{50} H. C. Coombs, \textit{Trial Balance} (Melbourne 1981), 96-7.
effect was less remarkable: the American market did not suddenly become accessible to Australia’s leading export.

The fact that Australia’s ability to sell wool to the United States did not markedly improve (and would not until the Korean war created great demand for wool) meant that Australia continued to rely on Britain and to nurture its place in an imperial economy. That was not Canberra’s preferred policy; it was the product of limited choice. Although Australia had made repeated efforts, especially since the advent of RTAA, to improve its trade relationship with the United States, the US had not reciprocated that interest. Moreover, continued economic association with Britain might improve Australia’s leverage in negotiations with the US. Hence Australia remained committed to an imperial economy after the Second World War; the national interest dictated that it must be so.

Canada turned into a champion of GATT, defending the principles upon which it was based as well as trying to broker agreements when disputes emerged between its principal sponsors, Britain and the United States, as they did over the future of imperial preferences at the inaugural meeting of GATT in Geneva in 1947. The conference was on the brink of collapse because of Britain’s refusal to abolish, or significantly retrench, preferential tariffs and American insistence that its credibility was contingent on the abolition, or significant retrenchment, of preferential tariffs. The government of Canada, galvanized into the self-appointed role of helpful fixer, unilaterally gave up a couple of preferences and asserted its right to amend, and remove, preferences without consulting the beneficiary, thereby revoking the contractual core of the imperial preference system. American officials played up this concession to convince President Truman that the US had largely achieved its goal of dismantling imperial preference. Canadian actions thereby facilitated Anglo-American agreement, but not primarily out of a devotion to helpful fixing. The multilateral organization of world trade along liberal and non-discriminatory lines was in Canada’s best interest. Without both British and American backing the GATT would not come to life.

The importance Ottawa attached to the GATT suggests that it conceived of its economic future within an international context rather than an imperial one. This priority was


acknowledged implicitly in the lack of Canadian interest in Anglo-Canadian negotiations. The British pressed Ottawa to open negotiations since it was keen to improve its market share in Canada. But British overtures were largely rebuffed, in large measure because they had little to offer to Canadian exporters. In addition, lowering preferential rates would require equivalent and uncompensated reductions in the general rate of duty. And preferences functioned as the effective level of protection which Ottawa was intent on retaining.53

Rejecting the possibility of deepening the Anglo-Canadian trade relationship did not mean that Canada was submitting to the logic of continentalism. The American economy, roughly twelve times the size of the Canadian economy, ensured that the economic relationship would be lopsided. In Canada, debates about continental economic organization, and the political consequences that might arise, had been hotly debated since the mid-19th century. Different strands of the debate revealed attraction and repulsion for both Britain as well as the US. Fear of continentalism resulted in an effort to retain a meaningful commercial relationship with Britain. Even though the Anglo-Canadian trade link was weakening, it was remarkably resilient in light of the pull of continental economic forces, at work since the 19th century. If one looks again at the pattern of Canadian exports (Graph 1a), the balance achieved between the UK and US as markets for Canadian goods, to the point that they regularly swapped top spot, represented the ideal to a government intent on not choosing one ally over the other. Canadian trade policy, indeed its whole foreign policy, can be described as a policy of counterbalance. The postwar trade pattern, in which the importance of the British market slumped quite dramatically represents the futility of government efforts to maintain commercial equilibrium.

South Africa also participated in the Geneva negotiations although it was never prominent. It backed up the Australian stance in its acrimonious negotiations with the US over wool. It also backed out of negotiations with the Canadian delegation to remove the contractual obligation to enforce margins of preference. Ottawa had initiated discussions with South Africa in tandem with, and as something of a consolation to, Britain. Canada did not seem to have any plans for applying this power and scaling back preferences; it was the substance of the power that it sought, not its actual application. British officials were dismayed when they were informed out of the blue that a Canada-South African agreement would not be ready at the same time as a Canadian-UK agreement. South African officials had basically stopped taking

53 McKenzie, Redefining, pp. 229-30.
Canadian calls and progress was stalled. This kind of delaying tactic served South African interests well since it had no interest in giving up either its rights to veto changes to the preferential tariffs its commodities enjoyed or in cutting down its own preferential rates which injected a measure of protection for South African industries. The headline in the Cape Times that read ‘Few Sacrifices by Union’
\(^{54}\) captured the basic gist of South African involvement in the GATT negotiations: make the minimal necessary contribution for the maximum benefit.

New Zealand was skeptical about the benefits of GATT. Even though studies confirmed that a more liberal international economy would most effectively promote New Zealand’s prosperity,\(^ {55}\) New Zealand was nonetheless intent on consolidating its niche in the British market. Despite economic forecasts of slow growth in consumer demand in Britain,\(^ {56}\) New Zealand and Britain had concluded four-year bulk purchase agreements for mutton, cheese and wool in 1944. These agreements were extended until 1954, effectively locking up New Zealand supply for a decade. While it is tempting to characterize this approach as one in which there was a refusal to acknowledge changes in the workings of the international economy and the limitations on the British market, such a description would be largely incorrect. New Zealanders feared the return of a global economic depression after the war (a widely shared fear) and doubted that the US would be able to reduce its own tariff on mutton, lamb and other key exports.\(^ {57}\) Hence Singleton and Robertson noted that the Commonwealth economic system was ‘a bulwark against global economic (in)stability.’\(^ {58}\) In addition, despite its small size, New Zealand had an advantage that it could and did capitalize on: Britain needed its agricultural exports for hungry and tired British citizens who believed that a New Jerusalem was due to them.\(^ {59}\) New Zealand’s leverage vis-a-vis Britain was sufficiently strong that it erased, temporarily, the disparities of size and power. Indeed, Britain encouraged New Zealand to continue its agricultural production after the war to address Britain’s own food shortage which

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\(^{54}\) Cape Times, 19 Nov. 1947, p.3.

\(^{55}\) Memo for Prime Minister from Secretary of Treasury, ‘Preferences and Tariffs’, 18 Oct. 1945, NANZ: EAI/104/4/1 pt. 3; Nash to Johnsen (Geneva), tel. 82, 9 July 1947, NANZ: EAI/104/4/1 pt. 7.


\(^{58}\) Singleton and Robertson, Economic Relations, p. 215.

\(^{59}\) The Beveridge report laid out the idea of a New Jerusalem.
reinforced their trade dependence at the expense of engagement in the international economy. The strategy worked well in the short term. In 1953, New Zealand was the third richest country in the world. But in the long run New Zealand’s trade policy was flawed; as Britain recovered economically and had less need of New Zealand meat and butter, Wellington had less pull. The bilateral balance of power tilted in favour of Britain, leaving Wellington facing an uncertain international trade environment.

Thus when the British government announced its intention to enter into negotiations to accede to the EEC - a decision which foretold the end of imperial preferences - both public and official opinions in New Zealand were shocked. Since the Ottawa conference of 1932 Wellington had done nothing to reduce its dependence on the British market. Luckily for New Zealand, President de Gaulle of France vetoed the British application twice. By the time the third and successful round of negotiations began, New Zealand had developed a strategy to deal with what was increasingly seen as unavoidable. The government of New Zealand was intent on securing special concessions for its dairy exports to Britain, very important since approximately 90% of New Zealand’s dairy exports sold in the UK. It engaged in a complex lobby effort. New Zealand officials strove to win the support of the British public on the grounds that New Zealand should not suffer as a result of Britain’s decision. New Zealand officials lobbied the British government, MPs and ministries, to explain their position and win support. They also met with European officials to make their case. The New Zealand lobby was characterized by resolute reasonableness. Arguments were also developed to capitalize on emotional attachments and debts. For instance, New Zealand’s contribution to the Second World War was mentioned repeatedly and it allegedly even moved President Pompidou of France to believe that something really must be done for New Zealand. Wellington was also astute in understanding the limits of what it could seek without undermining itself by trying to sabotage or block a British decision. The strategy worked as the EEC made concessions to New Zealand dairy exports.

There was similar shock and dismay in Canberra at Macmillan’s announcement. Menzies made clear his intention to do battle to defend Australia’s vital economic interests. Pugnacity turned to dismay at the implications of the British decision for the Commonwealth association more generally: ‘…if this common European policy develops with United Kingdom

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60 Singleton, ‘New Zealand, Britain and the Survival of the Ottawa Agreement’
62 Nixon and Yeabsley, pp. 105-126.
participation one could hardly say that the Commonwealth would remain quite the same. I hope that I may be wrong, but so it seems to me.\textsuperscript{63} Australia’s hostile and panicked reaction to the British announcement of 1961 was hardly surprising. After the EEC had been established by the Treaty of Rome, Australia was virtually alone in pressing for the terms of the agreement to be subject to close scrutiny within the context of GATT. Because much of the treaty was inconsistent with GATT principles, and all six members were contracting parties to the international trade agreement, a meaningful examination would have threatened the EEC’s right to exist which was exactly what Australia wanted to accomplish. But for that very reason the Australian demand received no backing; other GATT members believed the EEC had an important geo-political function and were willing to overlook incompatibility with GATT rules and prescriptions.

The Australian response to possible British admission to the EEC was on the same vein: try to block it rather than come to grips with it. Although Australia had much less at stake in the British market by 1961 than had been the case in 1921, and comparatively less than New Zealand, Menzies’ reaction was strident and pugnacious. As\textit{ The Economist} reported in August 1961, Menzies’ reaction was ‘a pretty forthright declaration of war against the British Government’s plan to join the Six.’\textsuperscript{64} He did not have a particularly well-developed strategy to protect Australian trade interests in the British market beyond appealing to British politicians and public opinion to reverse course. Despite a deeply divided reaction in Britain to the 1961 decision there was as strong a commitment to national sovereignty as anywhere else in the Commonwealth. The Australian stance did not win as much sympathy as did New Zealand’s more resigned, but nonetheless resolute, stance of working quietly to ensure its dairy exports were not forsaken. As John O’Brien has explained, Australian trade policy was trapped in ideas and understandings based on economic structures and patterns rooted in the past. Combined with unimaginative leadership at the Department of Trade, O’Brien concluded that there could be no other outcome than failure for its efforts.\textsuperscript{65} Regardless of its success or failure, Prime


\textsuperscript{64} \textit{The Economist}, 12 Aug 1961, p. 616. The article did go on to note that in fact his response might be more nuanced and not as intransigent as it sounded.

Minister Menzies’ reaction to the news confirms that, despite a passionate commitment to Britain, he knew that his first loyalty was to Australia.

John Diefenbaker, prime minister of Canada, made typically over-the-top comments about the British decision. Despite his staunch commitment to the idea of Britain and the British link, he suspected it was British officials themselves who were intent on ending the preferential tariff system, thereby dealing the Commonwealth a lethal blow. In contrast, he had proposed in 1958 that Canada would divert 15% of its trade from the US to Britain. The suggestion was unrealistic and impulsive. And, when the British themselves responded with suggestions for talks on the possibility of a free trade agreement, Canada backed down which was probably what the British wanted all along. Yet in 1961 Diefenbaker indulged in ‘nostalgic whining’ which did little to protect the trade interests which would be adversely affected by British entry into the EEC. The total value of Canadian exports to Britain was substantial. Moreover the loss of preferential tariffs, which would result from Britain’s application of the common external tariff of the EEC, would hit specific commodities quite hard. Hand wringing however triumphed over practical planning. The benefit of a decade to prepare for British admission to the EEC made little difference, particularly as trade with the US continued to grow. However, long before 1973 the issue of British entry into the EEC had been depoliticized through a quiet political compromise.

As for South Africa, 1961 was a momentous year because on 31 May it became a republic. At the 1960 Commonwealth prime ministers meeting South Africa had intended to announce its plan to become a republic and remain within the Commonwealth, as India had done over ten years earlier. To do so Pretoria would have to resign and then formally reapply as a republic. The re-application process, which some might have expected would be a formality, was likely to be controversial. The intensification of apartheid policies and practices under the Verwoerd government and the brutal treatment of black South Africans, as had been glaringly evident during the Sharpeville massacre of 1960, galvanized international opinion against the

67 Hart includes wheat, barley, newsprint, aluminium, lead, zinc, industrial chemicals and wrapping papers, p. 211.
68 Stuart Ward claims there was ‘a clandestine agreement’ between Ottawa and London whereby London would not ask for a Canadian reaction to British negotiations to join the EEC and in turn Ottawa would not criticize British negotiators. Ward claims this was ‘an appalling display of political expedience’ but it seems like a sensible way of backing out of an uncomfortable position which ill-considered and rash statements had placed the government of Canada in. Ward, ‘A Matter of Preference: the EEC and the Erosion of the Old Commonwealth Relationship’ in Alex May, ed., *Britain, the Commonwealth and Europe: the Commonwealth and Britain’s Applications to join the European Communities* (Basingstoke 2001), p.169.
white administration in Pretoria. As a result, it was far from certain that South Africa would be re-admitted to the Commonwealth. Rather than subject the country to the judgement of Commonwealth morality, South Africa announced its intention to quit the Commonwealth entirely. By 1961 South Africa had turned away from Britain and the Commonwealth as part of its international marginalization as well as a self-imposed exile. Hence South Africa was excluded from discussions with British colonies, former and present, about the implications of membership in the EEC.\(^69\) Despite proud pronouncements about South African independence, it was more and more dependent on Britain as other points of contact with the broader world were closed down. The subsequent imposition of sanctions against South Africa further reinforced its dependence on Britain. The particular geo-political circumstances reinforced economic ties to Britain and overshadowed questions about the consequences of British membership in the EEC.

CONCLUSIONS

This reading of trade patterns and policies attempts to reconcile recent arguments about an imperial economy with prevailing nationalist political interpretations. Trade patterns between Britain, Canada, Australia, New Zealand and South Africa remained surprisingly vital despite industrial development, economic diversification, and the strength of regional economic forces up to 1950; they tailed off thereafter at various speeds. Economic-nationalist narratives therefore exaggerate the dominions’ divergence from an imperial economy. However the persistence of an imperial economy does not refute the primacy of nationalism which is revealed when one examines trade policy in Ottawa, Canberra, Wellington and Pretoria. Evidence from the imperial economic conference of 1932, the negotiations that led to the creation of the General Agreement on Tariffs and Trade, and the reactions to the British decision to seek admission to the EEC highlights the choices made by the dominion governments in which historic and sentimental attachment to Britain did not ultimately determine policies. Throughout

\(^69\) There was considerable opposition to the EEC within Commonwealth Africa. Some did not want any association between Africa and the EEC; others wanted association but not on the terms favoured by the EEC which smacked of neo-colonialism. Ghana and Nigeria were two of the most prominent critics of the EEC. South Africa, which was in a different position from newly independent African countries, and which was an important ally of the UK and US in the Cold War, did not seem to partake in the nationalist debate about association with the EEC. See Ali A. Mazrui, ‘African Attitudes to the European Economic Community’, International Affairs 39, 1 (Jan. 1963), 24-36 and Yosuf Bangura, Britain and Commonwealth Africa: The politics of economic relations 1951-75 (Manchester, 1983).
the fifty year period under study, the logic of economic nationalism dictated that New Zealand, Australia, South Africa and Canada should hold on to their place in the British market.

The pragmatic assessment of commercial benefit differed from the impassioned way in which political leaders talked about trade relations between Canada, Australia, New Zealand, South Africa and Britain; they did so in the 1920s as surely as they did in the 1960s. The rhetoric is telling but not straightforward. In London an insightful British M.P. observed in 1948, sentimental pronouncements were misleading when it came to understanding the substance of trade policies. ‘Words have certain connotations which people are apt to accept without thinking about them, and then we go on talking about Empire trade without analysing the position.’ 70 Emotional pronouncements about trade were not evidence of a willingness to subordinate a dominion’s national economic interest to that of Britain. Nor were they evidence of a ‘discordance of sentiment and self-interest’, as Stuart Ward has claimed. 71 Sentiment had a tactical utility, as was clearly evident in New Zealand’s heartfelt reminders that its role in the Second World War justified exceptional treatment with respect to British admission to the EEC. And such maneuvers often worked. Beneath the surface of emotional declarations either of attachment or rejection there was a pragmatic and powerful understanding of national economic interests that elected leaders in Ottawa, Canberra, Wellington and Pretoria served first and foremost. That had been the case in 1932 as well as 1961.

So when and why did the settlement era end? Trade patterns suggest that the settlement era came to an end sometime after the Second World War, as long as one accepts that there was an association between distance and independence as well as proximity and subservience. This point must also be tempered by a recognition that trade patterns are produced by many forces. Trade policies show that clearly conceived and self-conscious national interests had guided Canadian, Australian, New Zealand and South African trade policy, as well as their trade relations with Britain. This in turn suggests that the development of discrete national identities, a subtle and complex process which stretched out over a long time, was essential to disentangling the connections that settlement produced. This point needs to be qualified because governments did not exert complete control over their economies, although they were all

70 *Hansard*, 466 H.C. Deb, 5s, 29 Jan. 1948, cols 1254-6. Fieldhouse wrote that even though imperial self-sufficiency was revealed as futile in 1932 ‘some hot air continued to seep out in the rhetoric of old Commonwealth hands down to the 1970s.’  D. K. Fieldhouse, ‘Keith Hancock and Imperial Economic History: A Retrospect Fifty Years On’ in Fieldhouse and Madden, eds, *Oxford and the Idea of Commonwealth*, (p. 151.

interventionist at different times and to different degrees. The legacy of settlement came to an end incrementally and gradually, and was a product of changed outlooks as well as changed results. The settlement era for Canada, Australia, New Zealand and South Africa also came to an end because of the changed position of Britain, the source of many of its settlers. The British impress of the development of dominion economies derived from the fact of settlement as well its global economic reach and dominance in the 19th and early 20th centuries. Its economic retrenchment after 1945, culminating in the agonizing decision of 1961, was both cause and consequence of the emergence of a new international economic structure in which the logic and benefit of settlement had diminished greatly. Settlement’s impress on commercial activity in Canada, Australia, New Zealand and South Africa weakened gradually through the conjuncture of internal and international developments.

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72 For example, dominion governments regularly negotiated contracts to sell agricultural goods at a fixed price in Britain.