

THE
IMPERIAL CONFERENCE

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THE IMPERIAL CONFERENCE

VOL. I



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THE IMPERIAL CONFERENCE

A HISTORY AND STUDY

BY

RICHARD JEBB, M.A.

IN TWO VOLUMES

VOL. I

WITH A MAP

LONGMANS, GREEN AND CO.

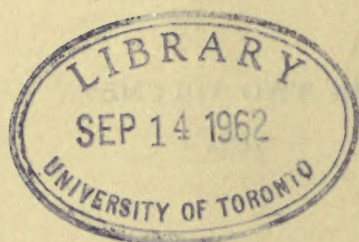
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NEW YORK, BOMBAY, AND CALCUTTA

1911

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TO
JOHN WALLER HILLS

AND
ROWLAND HUNT

TWO BRITISH M.P.s
WHO IN A CRISIS
RISKED THEIR POLITICAL LIVES
FOR THE IMPERIAL CAUSE

PREFACE

THE present work is primarily a history of the Imperial Conference "from the earliest times," *i.e.*, from 1887, giving an account of the proceedings at each of the five meetings, and tracing the development of the Conference as a constitutional institution. It has been necessary to devote some space also to the events of the intervals between the meetings, in order to indicate both the connection between one meeting and another, and the nature of the difficulties with which the Conference has to grapple.

But exigencies of space have precluded, for the present, any attempt to discuss in detail various important developments, in the later part of the period, which have either affected the future of the Conference or illustrated the problems to be solved by it. Among these might be mentioned the progress of the Preference movement throughout the Empire, and of the Defence movement; the Union of South Africa; Migration of European and Asiatic races within the Empire; the position in the West Indies, and the later phases of the Atlantic Fisheries dispute. In regard to the Pacific Cable, however, space has been found for a more complete treatment. It was felt that in this instance the work of the Conference had been carried further than in any other; that the subject of telegraphic communication between the scattered countries of the Empire was one which might possibly play an important part in the approaching "session" of the Conference; and that the

story of the Pacific Cable illustrates typically the difficulties besetting the path of Imperial partnership. The story of the proposed "all-red" mail service also has been carried up to date.

Throughout the book the successive Conferences are described as "sessions," implying that the Conference is a continuous institution. This terminology is admittedly an example of the wish being father to the thought, and is not historically accurate. It will be seen that at the very outset the late Lord Salisbury imagined the Conference of 1887 as "the parent of a long progeniture"; and that at the next meeting (Ottawa, 1894) the late Sir Henry Wrixon urged the necessity of taking steps to carry on the work of the Conference after it dispersed. But it was not until the third meeting (1897) that a resolution was passed in favour of holding meetings at regular intervals; and another ten years elapsed before, at the last meeting, any serious attempt was made to give the Conference a formal constitution and to equip it with some kind of permanent machinery. Perhaps, however, the plea will be admitted that the time has come when for the purpose of historical retrospect it is legitimate to regard the meetings already held as successive sessions of a permanent body rather than as spasmodic and disconnected gatherings.

Similarly it is not historically exact to describe the institution as the "Imperial" Conference throughout. It will be seen that in the beginning the popular impulse was to call it "Imperial," but that Downing Street insisted on "Colonial"; until in 1907 the Conference settled the matter by its own resolution. The official reason for "Colonial" was, throughout, that India was not separately represented like the self-governing Colonies. There may also have been an unconscious bias in favour of the political inferiority

which "Colonial" implies, and which eventually impelled the larger Dominions to reject that term in favour of one which did not preclude constitutional equality between themselves and the United Kingdom. Now that membership of the Conference is restricted, under the constitution it has adopted, to autonomous States, the representation of India is regularly effected through the suzerain Government, and does not affect the title of the Conference.

The *verbatim* reports are available of the proceedings in 1887, 1894, and 1907. For 1897, on the other hand, there is nothing more than a report of Mr. Chamberlain's opening speech and a very brief summary giving the resolutions passed, while for 1902 the published account is only a little less exiguous. Accordingly, these two sessions occupy a relatively small space in the present work. In regard to the other sessions the method adopted has been to quote freely, within the necessary limits, from the *verbatim* reports. This method, though difficult to use successfully, seems to have the advantage of enabling the reader to form his own impression of the speaker's personality, the speeches having been generally informal if not actually impromptu.

All the Resolutions of the Imperial Conference are given textually and classified in an Appendix to the second volume. For the majority of inquirers it is hoped that the other quotations will generally suffice to avert the necessity of consulting voluminous, almost inaccessible, and badly indexed official publications.¹

Acknowledgments are due to Mr. Austen Chamberlain for information on facts connected with Mr. Chamberlain's career at the Colonial Office; to Mr. L. S. Amery, Mr. E. E. A. Du Vernet and Mr. Charles

¹ Of the three *verbatim* reports only that of 1894, presumably done at Ottawa, is furnished with a tolerable index.

Bright for advice on certain points of a technical character; to the Eastern Extension Australasia and China Telegraph Company and its Secretary for information most courteously supplied; likewise to the Eastern Telegraph Company and its Secretary; to the several High Commissioners of the Dominions for willing aid whenever sought; to Sir Charles Bruce and his publishers, Messrs. Macmillan & Co. Ltd., for permission to reproduce the map appended to this volume; to Mr. Fabian Ware for kindly consenting to read some of the proofs; to the *Morning Post* for manifold facilities, including permission to use articles originally contributed to its columns; and to the enthusiasm and learning of the well-known writer, "C. de Thierry," who has assisted throughout.

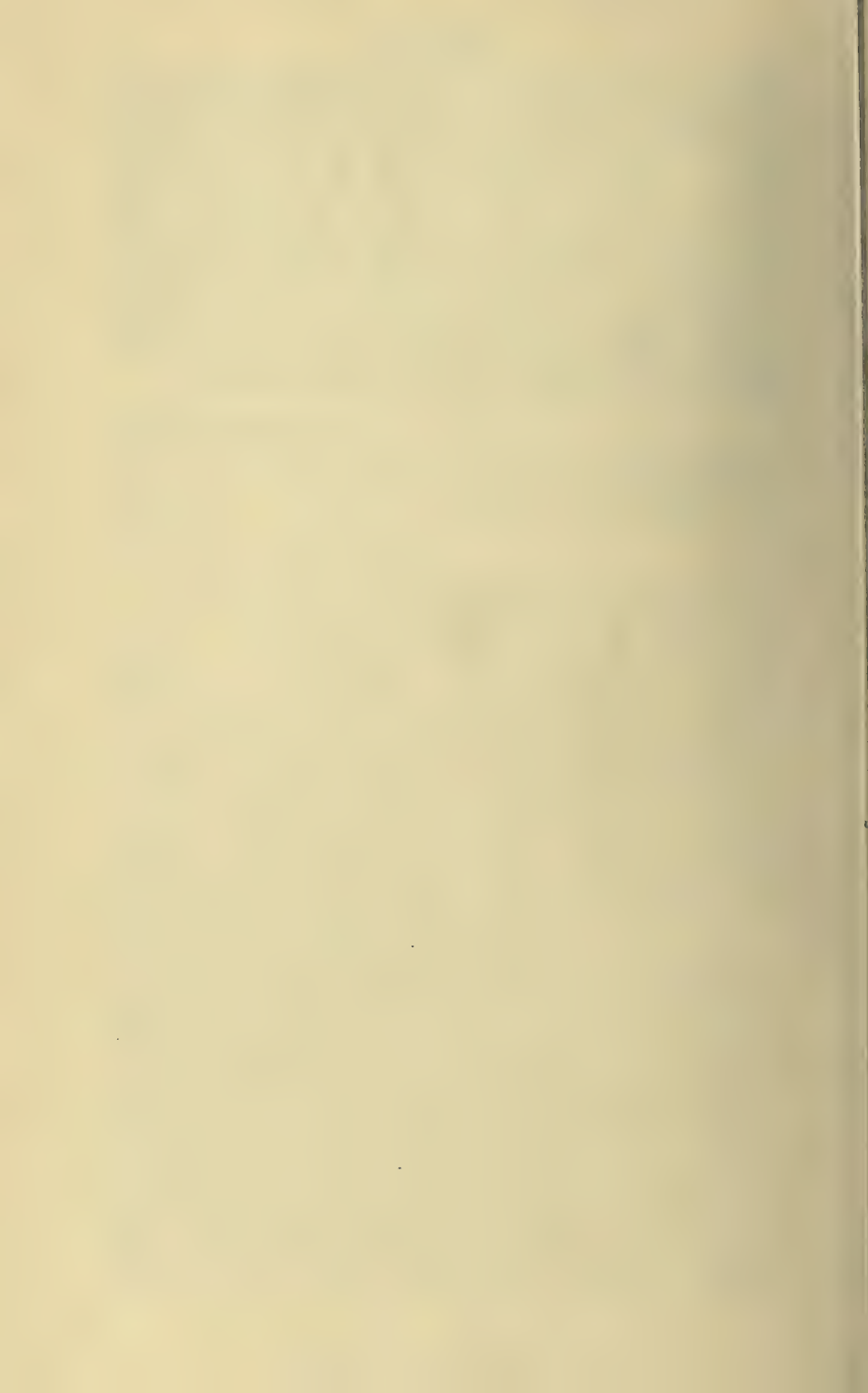
An old difficulty of terminology has arisen again. "The United Kingdom" is accurate; but it has no adjective. "Great Britain" not only has no adjective, but is an anachronism because it excludes Ireland. "England" is a convenient synonym for the United Kingdom; but it starts the Celts on the war-path. "Britain," already used in some parts of the Empire, has been adopted in this work. "British" means, therefore, of or belonging to the United Kingdom; except where the context shows that it means of or belonging to the Empire as a whole.

The author would feel grateful to any reader who would trouble to call his attention to any errors or deficiencies admitting of correction in a future edition; or who would send him from time to time any papers relating to the Imperial movement in the Dominions. It has become increasingly difficult for the purpose of any such work as the present to keep in touch with the leading journals of other parts of the Empire, Imperial affairs having come to occupy a larger space and more continuous attention in their

columns than formerly. On the other hand, the metropolitan journals in Britain are doing much more than formerly to enable their readers to keep in touch with the life and thought of the Dominions. In this respect the periodical letters in the *Morning Post* from some of the Dominions, giving in effect a consecutive and critical political history, are invaluable; while the comparatively lengthy and frequent cablegrams in the *Times*, and the unique enterprise of the *Standard of Empire*, are also of great service.

RICHARD JEBB.

RHIWLAS, OSWESTRY,
March 1911.



LIST OF ABBREVIATED REFERENCES

R = Report of Proceedings of the Colonial Conference.

1887 C. —5091

1894 C. —7553

1897 C. —8596

1902 Cd.—1299

P = Papers appended to Proceedings.

1887 C. —5091

1907 Cd.—3524

A.A. = "Annals and Aims of the Pacific Cable," edited
by George Johnson. Ottawa, 1903.

Where quoted in the course of the narrative, Resolutions
actually passed by the Conference are printed in heavy type.

CONTENTS

PART I

LONDON, 1887

CHAP.	PAGE
I. THE PROGRAMME	5
II. THE BASIS OF CONTRIBUTION	30
III. SUBSIDIARY QUESTIONS	78

PART II

OTTAWA, 1894

IV. A BATTLE OF GIANTS	133
V. INTERCOLONIAL PREFERENCE	159
VI. THE PACIFIC CABLE AND THE ALL-RED ROUTE	194
VII. IMPERIAL TELEGRAPHY	243

PART III

LONDON, 1897

VIII. THE IMPERIAL AWAKENING	289
--	-----

PART IV

LONDON, 1902

IX. THE SILENT CRISIS	339
---------------------------------	-----

APPENDICES

A. SIR CHARLES TUPPER ON TREATY POWERS	379
B. MR. CHAMBERLAIN ON STATE ENTERPRISE	383
C. FINANCE OF ASSOCIATED CABLE COMPANIES	389
D. EMPIRE CABLES—THE ALL-RED ROUTE	391
E. REDUCTION OF CABLE RATES SINCE 1890	396
F. ACCOUNTS OF THE PACIFIC CABLE BOARD	397
G. MR. CHAMBERLAIN ON IMPERIAL RECIPROCITY, 1896	398
H. THE BRITISH PREFERENCE IN CANADA	399

MAP

MAP OF THE WORLD showing the British Empire on
Mollweide's projection *At end*

INTRODUCTION

THE PHILOSOPHY OF PREFERENCE

BESIDES being a history of the Imperial Conference the present work is in a sense a sequel to the author's *Studies in Colonial Nationalism*, a book which appeared in 1905 and is now out of print. The purpose of that work was to urge a special point of view—the evolution of the self-governing Colonies into nations—the neglect of which by the British Government and public appeared at that time to be seriously jeopardising the prospect of closer union. The book was written for the most part before Mr. Chamberlain had launched his great movement in 1903. In the introduction the author explained how his own judgment of the situation had been affected by Mr. Chamberlain's new departure :—

“Colonial
National-
ism.”

“The new policy launched by Mr. Chamberlain marks a fresh epoch. At length a practical method is proposed which is approved cordially by Imperialists beyond the seas, because it admits and promotes their own ultimate ideal, whatever may be expected from it by Imperialists in England. The colonial ideal is an alliance, of a character more intimate and comprehensive, and therefore more permanent, than is connoted by the conventional use of the term. From the present writer's point of view, a programme which substitutes Imperial reciprocity for Imperial free trade, commercial treaties for the zollverein compact, has a significance far wider than its trade aspect. It implies the first substitution of alliance for federation, of the

colonial ideal for the English ideal, as the guiding principle of closer coherence between the mother country and the self-governing colonies. Alliance recognises separate national aspirations; federation aims at national unity. If diversified nationalism, within workable limits, is valued as a progressive element in human civilisation, then the new policy is one which is desirable as well as practicable, superseding an older policy which was neither."

There is, indeed, no longer any necessity to urge the standpoint of "colonial nationalism." After being for years peculiar to the larger Dominions it has now become practically the accepted standpoint not only of all the great metropolitan journals, but also of the British Government, subject to the limitations imposed by the conservatism of permanent officials and the unfortunate exigencies of party politics. In proof one need only cite the increased discretion allowed to Canada in regard to foreign relations; the new policy of encouraging the Dominions to create naval forces under their own control; the refusal to amend the South Africa Bill in the interest of the subject races; and the partial acquiescence, however reluctant, in the claim of the Dominions to an equality of status in the Imperial Conference.

The
Hamil-
tonians.

But the proposal to base Imperial union on the principle of alliance, however "intimate and comprehensive" such an alliance might become, has not been allowed to pass unchallenged. Two years after *Studies in Colonial Nationalism*, there appeared Mr. Oliver's striking study of Alexander Hamilton; just at the time when a number of men in South Africa were beginning to perceive that an immediate union of the four Colonies would offer the only chance of averting the friction threatened by the reconstitution of the country under four independent Governments.

Colonial Nationalism may have influenced¹ their preliminary campaign, in which they urged the two races to come together on the ground of a South African patriotism, and to understand that the Empire was destined to be parent rather than destroyer of the South African nation which had been the ideal of Rhodes and Kruger alike. But when the time came for devising a national constitution for South Africa, *Alexander Hamilton* supervened, *i.e.* the doctrine that there can be no permanently effective union which is not based on the effective "sovereignty" of a single body. Rejecting the American and Australian system, with its division of sovereignty between the Federal and the State legislatures, and rejecting even the Canadian model which in practice exhibits in some degree the same weakness, the unionists persuaded the South Africans to accept "unification," involving the absolute supremacy of a national Parliament over the provincial administrations. The rapid fruition of the closer union movement in South Africa inspired everywhere an idea that here was the true line of advance for the larger Imperial movement. As to the goal, there can be no real United Empire, so the doctrine runs, until there is created somehow and somewhere a sovereign government with direct control (in vital matters) over every subject of the Crown. Any union short of this (which seems to imply federation at the least) would not be "organic," and therefore could not be expected to withstand the shocks which an ever-changing world inevitably brings in course of time to political structures. In short, Imperial union must be "organic" if it is to endure, and the essence of organic unity is effective sovereignty.

¹ Cf. Jameson, speech at Grahamstown (March 30, 1906), *Cape Times* leading article (April 4, 1906); Selborne's *Memorandum on Mutual Relations of the South African Colonies* (1907), pp. 33-4.

Then as to method :—here is your Imperial Conference, talking interminably and almost fruitlessly about subjects of common interest with which in practice a merely co-operative Conference is powerless to deal effectively. Why not take to heart the example of the American and Australian federalists, and especially of the South African unionists, who came to realise that the several matters which were continually being referred to *ad hoc* conferences were essentially inter-dependent, and could never be effectively handled until a joint legislature with sovereign authority had been created to deal with them? Surely the lesson of history is, the argument concludes, that the first thing for the Empire to do is to set about creating a sovereign body of some kind, or—as a half-way house—an authoritative Advisory Council, and entrust to that body the further consideration of all these much-debated questions of Preference, Defence, Migration, Communications, and the rest.

The criticism of the Hamiltonians¹ (to whom the Imperial movement owes much of its recent energy) certainly seemed to demand a reconsideration of the theory that in the principle of international alliance, fully exploited, might be found the basis of a permanent and effective Imperial union. It must be admitted that the Hamiltonians are supported by the argument from history, broken reed though it often is. Nor are they really inclined to question the value of “diversified nationalism, *within workable limits*,” which was postulated in *Colonial Nationalism*. The reservation italicised is important; the suppressed idea being in the writer’s mind that nationalism to be “workable” must have a territorial rather than a tribal basis. By “territorial nationalism” is meant the feeling that

¹ Hamiltonians are to be found wherever Imperialists foregather. Cf. sessional papers and discussions at the Royal Colonial Institute (*e.g.* Journal, January 1911); essays in the *Standard of Empire*; etc.

different races occupying one land, or occupying lands which do not readily admit of social or economic separation, ought to subordinate their primitive, tribal instincts to the cultivation of a common patriotism founded upon and coterminous with the common territory. From this point of view only one "nation," one "national" sentiment, and one "national" government ought to be recognised in such countries of mixed racial sections as South Africa, Canada, or the British Islands. The Hamiltonians do not generally urge that the individual patriotisms of those three national units ought to be sacrificed to a common Imperial loyalty. To the argument that Imperial Federation would necessarily have that result, they reply that Imperial Federation may mean much or little. Declining to be bound by any programme put forward by earlier Imperial Federalists, they contend that it is quite possible to conceive an Imperial sovereignty so strictly limited in the range of its supremacy that for all beneficial purposes national and even tribal sentiment would still have ample free play.

Admitting, then, that permanent Imperial union requires the creation of an effective Imperial sovereignty, in the sense defined above, how is the goal to be attained? Looking again round the Empire the writer sees no reason yet to modify his former opinion that for the time being, and probably for many years to come, national sentiment in the sense indicated is the paramount force in the politics of the Imperial Conference, and that it forbids the creation of such a sovereignty. Here, again, the Hamiltonians are not generally unreasonable. As a rule they are disposed to concede that such is in fact the situation, and to agree that any movement towards closer union should proceed through the medium of the dominant patriotisms, because to antagonise

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that force would mean defeat and failure. So there is, after all, a substantial nucleus of agreement. Imperial sovereignty is the ideal, to be kept steadily in view; but, under the actual conditions of the case, "alliance" is necessary as a transitional stage; and it may be a very long one.

Still, the practical question is not yet answered: Where lies the path to Imperial sovereignty? Clearly the ideal cannot be approached by continuing indefinitely to foster national particularism, which finds its congenial soil in the conception of alliance. Hitherto the Hamiltonians have appeared to rely simply on the ultimate victory of the forces of persuasion. Have not the United States, the Dominion of Canada, the Commonwealth of Australia, the Union of South Africa, each in turn owed their birth to the eloquence of statesmen? That analogy has always been a pitfall for Imperial unionists. Historically it might be objected that each of those unions was due mainly to the pressure of external danger; and that in the case of the British Empire the external pressure now felt need not necessarily weld an Imperial union, because quite conceivably a circum-Pacific confederacy, under the hegemony of the United States, might appear to offer a more reliable protection to the Australasian democracies if not to South Africa as well. Units, moreover, held together only by an external band must be liable to fall asunder if anything happens to slacken it. Another objection is that, in each of the four instances adduced, provincial sentiment was at the time a force which had already played its long part and had largely spent its strength; whereas the national sentiment which now obstructs the idea of Imperial sovereignty, so far from being played out, is in the still-rising vigour of youth and self-confidence.

In these circumstances there would seem to be

little prospect of Imperial sovereignty arriving through simple persuasion. Yet a caution may be uttered. Is it not true that, like so many other forms of human activity, the ever-changing political life of communities has been tremendously "speeded up"? Under the influence of the modern Press, with its groups of powerful journals syndicated and politically attuned to the wirepuller's will, a country may be inoculated with a new idea,¹ or a national outlook may be completely changed from within, in a space of time which would appear incredibly short in the light of past history. Notwithstanding present appearances, it seems to be just possible that, given an uniquely favourable conjuncture of circumstances, Imperial sovereignty might be carried with a rush. Could any Imperialist refuse to take that golden risk if the opportunity came?

The nearest approach, hitherto, to an unique conjuncture of that kind was the situation at the close of the Boer war, when the flood-tide of Imperialist feeling throughout the Empire had not yet been set back by the decision to import Chinamen for the Rand mines. In 1902 Mr. Chamberlain took advantage of the circumstances to propose, not indeed Imperial sovereignty at once, but a change in the constitution of the Conference with the avowed purpose of bringing Imperial sovereignty nearer. Despite the exceptional opportunity, the proposal was rejected.

Let us assume another such conjuncture and a more successful issue—nothing less than the creation of an Imperial Council, sovereign in regard to foreign affairs and defence.² What would be the probability of the federation surviving the abnormal enthusiasm

¹ *e.g.* the recent Referendum proposal in Britain.

² The above was in type before the report had arrived of the New Zealand Premier's pre-Conference speech, which may be regarded as having been inspired by the steadily growing naval power of Germany and Japan.

which had called it into life? According to the Hamiltonian doctrine the Council, having sovereign control over all the military and naval forces of the Empire, would itself be the all-sufficient guarantee of its own continued existence and unimpaired authority. In other words (though it is not always so expressed) physical force would be relied upon to preserve the organic unity thus created. Once more history seems to nod assent, the Secession and Civil War in America being in everybody's mind. Yet the doctrine is unconvincing. It is easy enough to understand how the Northern States in the America of fifty years ago, or the British Colonies in the South Africa of 1899, felt impelled to resist by force of arms the secession of provinces clearly indispensable to the aims of the territorial nationalism which has been the ruling spirit of the age. A similar feeling in a future England, after Home Rule, may not be inconceivable. But it is not so easy to see why the secession of any whole Dominion should be regarded by the other federal units of the Empire as fatal—unless the mere loss of prestige were so described—to the continuation of the partnership without that Dominion, and as necessitating therefore a resort to physical coercion. In truth the only unit of the Empire which is obviously indispensable to any (though not all) of the others is Britain; and that is due mainly to the transitory circumstance that Britain alone is equipped with a powerful navy.

Sovereignty
need not
signify
organic
unity.

The argument cannot, therefore, be admitted that if once the nucleus of Imperial sovereignty were established the future cohesion of the Empire would be assured by the power of that sovereignty to repress secession. The power might be there; but in the British Empire it could not in practice be exerted without the support of an overwhelming public

opinion, which there is no reason to think would be forthcoming in every possible contingency. So it appears that the mere existence of a sovereign Council would not of itself suffice to make the Empire an "organic" unity, *i.e.*, a community possessing the instinct and faculty of preserving and perpetuating its own existence. This brings us to the ultimate fallacy of the Hamiltonians, and to the special point of view from which the present work has been written, supplementing the standpoint of *Colonial Nationalism*. In political communities sovereignty is not, as the Hamiltonians have appeared to assume, the essence of organic unity. Sovereignty is only an evidence, not always infallible, that the essential condition exists. Imperial sovereignty might be forced somehow upon the nation-States of the Empire; but under existing conditions the union would not thereby be rendered organic and organically durable.

What, then, is in reality the essence of organic unity, or the vital principle in communal life; that which gives a community the instinct and faculty of protecting and perpetuating its corporate existence? No new doctrine is needed, only a reminder of the oldest under the sun, self-evident in its simplicity and attested by universal experience. Aristotle, following Plato while criticising him, pointed out that the community was necessary to its members originally "for the sake of living," but in a more civilised age "for the sake of living well," *i.e.*, for living a full, human life, not merely physical but also spiritual. In that is contained all the political science necessary for comprehending and dealing with the problem of "United Empire." In the last resort any political community, because it is composed of a species of animal, is what Plato described as "a city of swine," held together, in the language of a later and less

Organic
unity
implies
economic
inter-de-
pendence.

disinterested critic, by "sordid bonds." Though the instinct of civilised man is to suppress his animal nature and to exalt the spiritual faculty which differentiates him from the beast, his physical bondage remains a cardinal fact to the end of time. The vital principle of communal life, the essential condition of organic unity, lies ultimately in the principle of economic inter-dependence as between the units forming the community, whether those units are savages combined in a tribe, or citizens combined in a state, or provinces combined in a modern national union, or nation-States combined in a British Empire. The first family tie is that of mutual sustenance, which thus became the primeval motive combining families into tribal units. Combining in order to get food, the primary need, they combined also for mutual defence of the opportunity to get food; and thus defence was at once a consequential purpose of communal life. Such was the origin of the political community, and such must remain its essential character so long as human beings continue to share with other animals the conditions of a physical existence.

In the modern type of State the law of nature is amply recognised. It is the admitted duty of the State, and one ever tending towards a more liberal interpretation, to see that no member physically starves. A death from starvation is regarded as scandalous, discrediting the State. Next to the responsibility of averting starvation, the recognised duty of the modern State is to secure the community against foreign aggression. But the modern citizen, as the Greek philosophers indicated, demands from the State not merely the means of a bare physical sustenance but also the means of satisfying his instinct for a broader culture and a wider outlook. His "living wage" must be adequate to intellectual or moral as

well as to physical needs. The commercial and industrial system of the community must be such as to afford that wage and opportunity. To be complete, organic unity requires a consciousness of inter-dependence for the satisfaction not only of physical needs but also of intellectual aspirations. To take the case of the British Empire, besides mutual Preference there must be common ideals of the individual and national purposes in life. But the ultimate basis, if the Empire is to be an organic community, can only be found in the economic bond, the bond of mutual aid in satisfying the primary need.

Any argument against the necessity of an economic bond would have to be based, therefore, on the hypothesis that the ideal of Imperial union does not imply an Empire designed to fulfil the purposes of organic union, but only purposes of a less essential kind. Can that hypothesis be sustained? In Britain, at any rate, those Liberals and others who profess to desire Imperial union, while they deprecate "sordid bonds," appear to be unanimous in postulating perpetual union for defence as the essence of their Imperial ideal, an alliance reliable enough to justify each unit in limiting and arranging its own defensive preparations on the assumption that the aid of the other units would always be forthcoming in any emergency. But perpetual union for defence presupposes a perpetual community of the vital interests. Thus it appears that consciously or unconsciously all sections of Imperialists agree in regarding the United Empire of their aspiration as a form of political community or State. If so, the first condition of success in the pursuit of that aim is to recognise and apply the fundamental rule of statecraft, *i.e.* that the only foundation for a State is a deliberate system of economic inter-dependence.

Organic
unity the
agreed
Imperial
policy.

The importance of fostering a common ideal, such as may be provided by the duty of the Empire in India and the Dependencies, was urged in the concluding chapters of *Colonial Nationalism*. In the present volume the story of the Imperial Conference has automatically, the writer ventures to think, shown the practical impossibility of dealing effectively even with so secondary a matter as that of Imperial communications except with the aid of Imperial Preference. That there should have been continuous failure in the attempts to avoid or abolish independent control over national defence forces, without having first established the economic system of mutual inter-dependence for the satisfaction of the primary need, now appears as a self-evident necessity of the circumstances. It is true that none of the Colonial or British advocates of Preference ever tried to present it as an elementary proposition of political science; but their intuitive policy has rested none the less on scientific bed-rock. To revert, for a moment, to the analogy of the modern national unions, is it not the fact that in every single instance commercial union, expressed in some kind of fiscal Preference, either accompanied or preceded the creation of the political sovereignty? That was no accident; it was simply obedience to the law of human nature.

Popular
beliefs
the most
important
facts.

A further point needs to be emphasised. Perhaps the essential thing is not so much the actual fact of economic inter-dependence as the popular consciousness of that fact, or rather the popular belief in it whether it really exists or not. Assume, for example, a system of mutual Preference throughout the Empire, and every child taught in the elementary schools that this system existed in order that the peoples might help each other to live. Many a pro-

fessor might undertake to demonstrate (which is always an impossibility) that the inter-dependence would really be greater without Imperial Reciprocity, under a system of universal Free Trade. The professor might be right; but without the visible symbol of inter-dependence the belief in the fact would fade, the communal consciousness would be gone, and organic unity would be precluded.

Doubtless it may be argued that economic inter-dependence already exists as an internal bond of union in the British Empire. The dependence of the Dominions on Britain for naval defence, and for the cheap credit which was secured to them by the Colonial Stocks Act of 1901 (authorising British trustees to invest in certain Colonial stocks), might be adduced as concrete expressions of the required principle. Those examples may be admitted as theoretically valid; but in practice they do not fulfil the postulate that the economic inter-dependence shall be conscious. The sense of that dependence is not an element in the political psychology of the oversea communities. It does not appeal to the masses of the people in their daily life, but only when it is expressly brought to their notice, which is very occasional in occurrence and transitory in its influence on their minds. The mass of the people are constantly preoccupied with their daily avocations, which for the vast majority is a question mainly of markets for the product of their labour. Fiscal Preference, therefore, has the supreme advantage to the statesman of offering the means of familiarising the mass of the people, through the medium of their daily interests, with the idea of economic inter-dependence, which thus may become a conscious system.

The same point may be illustrated by reference to recent phases of what is called the Irish question.

Existing forms of economic bond.

Example of Great Britain and Ireland.

Some years ago the Unionist Party passed legislation under which the credit of Great Britain was employed to create a peasant proprietary in Ireland. The financial principle was the same as that of the Colonial Stocks Act, in so far as the credit of the wealthier partner was placed gratuitously at the disposal of the poorer. Unionists claimed for this agrarian policy that it had done more than any other legislation to reconcile the Irish people to the continuance of the Union. That claim held good until the Liberals gave Ireland Old Age Pensions at the cost of the taxpayers of Great Britain—the Irish contribution to the joint revenue being wholly inadequate to meet the Irish pensions. The Liberals then claimed that to them now belonged the political credit of having done most to reconcile Ireland to the Union. Their claim was justified in so far as the economic inter-dependence which they had established by the pension law was more palpable to the Irish people generally than the same principle in the Unionist agrarian reforms. An Irish peasant could understand that the five shillings a week was in fact being provided by Great Britain, when he could not understand that the instalments of purchase money payable by him for his holding were also in a sense Great Britain's bounty. It may be admitted that Socialism of the Lloyd-George type, consisting in an indiscriminate distribution of doles to the needy, is an effective way of creating the economic basis of a political community. But there is a danger that the economic inter-dependence may be achieved at the cost of individual character, in the aggregate representing national character, which is the ultimate criterion of statesmanship. Preference, on the other hand, has not been found at any point to debilitate individual or national character.

Those who deprecate "sordid bonds" have failed as yet to support their alternative theory of statecraft with any appeal to experience; and are constrained even to forget the remarkable fact that the doctrine they denounce was the fundamental faith of the Manchester School from which they have sprung. The idea of economic inter-dependence as the organic principle of political communities was the foundation of the cosmopolitan conception and policy of Cobdenism. A Britain content to manufacture for the world, and a world content to delve for Britain and feed her factory hands, would have no cause of quarrel because their mutual economic dependence would be complete; and so the millennium of universal peace would be in sight. Obviously the presupposition in this doctrine was that international quarrels arise mainly from economic causes; and, correlatively, that economic agencies would be the most potent for welding two or more nations into a larger political community. In the last resort, therefore, the philosophy of Imperial Preference is identical with that of the Cobdenites themselves, who are the least entitled of any men to dispute or disparage it. Another example of how instinctively men recognise the ultimate supremacy of economic forces is seen in the recurrent controversy in Canada about reciprocity with the United States, or else (since equal preference to two competitors is a contradiction in terms) within the British Empire. Canadian Imperialists have always instinctively resisted the one and advocated the other on the assumption that such arrangements would inevitably be the prelude to a closer intimacy of political relations also, culminating some day in political union. On behalf of the opposing school in Canada, where everybody professes faith in the Imperial ideal and aversion from American political union, the suggestion

Cobden's philosophy the same as that of Imperial Preference.

The Canadian illustration.

has been made that Canada might and should look to economic union with the United States for her material progress while remaining a responsible member of the British Empire and continuing to derive her moral inspiration therefrom. If such an attempt to split the twin functions of organic unity has ever been made before, the record of its success has not survived. Instead has come down the proverb that where the treasure is there shall the heart be also. Nations in making are masters of their fate, but only for a time. Having chosen their economic policy, they cannot bid posterity repudiate the consequences.¹

Muddle
first,
afterwards
organisa-
tion.

In one of his earlier speeches² Mr. Chamberlain suggested that, given commercial union of the Empire, political union would follow as a matter of course. That was carrying the doctrine further than some of its adherents would care to accompany it. But practical needs are satisfied if Imperialists agree that, though Imperial Reciprocity would not mean that the future of the Empire was already assured, there can never be any prospect of such assurance in default of

¹ One important feature of the Canadian case is that socially Canada is not yet one continuous country, but remains three separate countries. The Prairies—where the agitation for continental free trade arose, and for the benefit of which the reciprocity proposals have been specially designed—are separated on the one side from the Old Dominion by 500 miles of water and waste, and on the other side from the settlements of the Pacific Coast by the barrier of the Rockies. The future of the Prairies is thus the vital question. In 1901 the population was 414,000, mostly of British or Canadian origin. To-day it can hardly be less than 1,200,000. Of the increase only about one-third is British or Canadian; another one-third being European immigrants, mostly of the lower social class; while the remainder are Americans of a highly intelligent and relatively well-to-do order. Thus the political strength of the foreigners is already about equal to that of the Canadians (including the British settlers), and is increasing in the ratio of two to one. It would be strange if the Americans were not predisposed to political union with their own native country; and the European foreigners, having no British or Canadian tradition, would naturally be amenable to the guidance of their masterful neighbours. Canada is thus very much in the formative stage, the middle segment of the nation being still in the making—out of material mostly non-British.

² Cf. *infra*, p. 310.

Imperial Reciprocity. In any case, Mr. Chamberlain's decision to stake everything on Tariff Reform, as a means to reciprocating the Colonial preferences, was one of practical statesmanship. In the democratic countries of the British Empire it is always easier to get the improved machinery after than before the muddle has arisen. Until the muddle arises the need for the machinery is disputed and fuss is deprecated by politicians absorbed in their party game or more serious duties. The surest path to an Imperial Council is, therefore, by "doing things together" (in Lord Milner's phrase). If, which is doubtful, the Free Traders are right about the difficulties besetting Imperial Reciprocity, Britain has only to establish that system by the simple act of giving some preference to the Dominions—a matter entirely within the province of her own autonomy—in order to create a situation which would at once bring into practical politics the whole subject of Imperial organisation.

The practical conclusion for Imperialists is that Imperial Reciprocity must be the main object of their immediate endeavour; and that the way to get it is by securing the establishment of an appropriate tariff in Britain rather than by seeking new machinery of consultation or inquiry. It is true that in democratic communities political construction does not often follow the logical plan of building from the foundations upwards. But it is also true that, while much has been and may be accomplished on the Imperial structure before the foundations have been finished, it is all wasted effort in the long run unless the foundations are secured in time with the essential economic bond. Recognising that truth, Imperialists can appreciate the supreme value of Mr. Chamberlain's self-sacrifice, and may devote themselves whole-heartedly to the task of

Supreme
urgency of
Imperial
Reci-
procity.

bringing his work to fruition. It will be the part of statesmanship to devise a system of Imperial Reciprocity under which the margin of preference will be sufficient to symbolise the idea of economic interdependence without being large enough to assist the propaganda of those self-interested capitalists, and their unconscious allies in the academic world, who may be expected to continue their destructive opposition.

Has the Imperial Conference so far justified its existence by recognising adequately the supreme importance of the economic factor? And can it ultimately produce an organic Imperial unity? Those are questions which the present work is intended to assist in elucidating.

POSTSCRIPT

THE NEW ALTERNATIVE

Just as these pages are going to press the world has been fluttered by the British Foreign Secretary's public overture¹ to the United States for an unrestricted treaty of arbitration, covering all classes of disputes from whatsoever cause arising, which he represented as likely to lead up to a defensive alliance and become a guarantee of the peace of the world.

It is observed in the course of the present work that the British Government (substantially the same as at present) came to the session of the Imperial Conference in 1907 with an alternative policy, as they supposed, to that of the Imperialists for securing the future safety and welfare of the country. Their alternative policy was the Limitation of Armaments by international agreement, designed to secure in perpetuity the naval preponderance of Britain without any need of further sacrifice on the part of her people. It was heralded by the late Prime Minister, Sir

¹ House of Commons, March 13, 1911.

Henry Campbell-Bannerman, in the article which he contributed to *The Nation* (March 2nd, 1907) a few weeks before the Imperial session opened; and to the delusion of the Ministerialists that the alternative policy was substantial is attributed partly the sterility of the Conference in 1907. Two years later, in 1909, the same Government, under Mr. Asquith as Prime Minister, summoned the Subsidiary Conference on Imperial Defence, which seemed to signify a practical though belated recognition on their part that the alternative policy had failed, and that there was nothing left but the policy of closer Imperial union. Now, however, on the eve of the next session of the Imperial Conference, the Liberal Government have again put forward what is in effect another alternative policy. So history repeats herself. Unrestricted Arbitration will eventually go the same way as Limitation of Armaments; but its temporary vogue may likewise suffice to waste the opportunities of an Imperial session.

Sir Edward Grey innocently explained that he was responding to the sentiment lately expressed by President Taft in favour of unrestricted arbitration. In that case the British Foreign Secretary was, perhaps, doing precisely what he was meant to do by those who have made no secret of their belief that it is "now or never" for the United States to prevent organic union of the British Empire, and to attempt organic union of North America instead. The President's plea for a treaty of unrestricted arbitration "with some other nation" coincided in point of time with his attempt to arrange with Canada a system of mutual free trade, accompanied with differentiation against Britain and the rest of the Empire; or, failing the immediate accomplishment of the complete system, some initial measure of limited reciprocity which might at least stay the Dominion from going any further in the path of Imperial union. From the Washington point of view the political importance of the reciprocity agreement consists in the fact that under it for the first time, and by the action of one of its own members, the British Empire would cease to be a unit in relation to foreign markets, Canada having been induced to accept a position of Preference

against the rest of the Empire in the United States as part of the bargain. Further on in the present volume it will be seen what a serious view was taken by a former Liberal Government in Britain of that infraction of Imperial unity which is now treated as a matter of no consequence. President Taft's arbitration proposal was calculated to promote in two ways his policy of commercially disintegrating the British Empire in order to lay the foundation of organic union in North America. First and foremost, it would serve to distract the attention of the British people from the menace of the commercial scheme to their own trade interests, and would revive for them the idea that after all the policy of closer Imperial union was not the only one open to them for ensuring the future safety of their country. Secondly, the treaty if accomplished might serve to thwart any attempt by Canada to withdraw the tariff concessions already made, or to give further preference to competitive British imports. For, the United States might then make any such action a ground of dispute (by alleging virtual breach of agreement), and a case, therefore, for the foreign tribunal, which could hardly fail to be influenced in its decision by the circumstance that all other countries are equally interested with the United States in averting commercial union of the British Empire and maintaining the free market for themselves in Britain.

Neither Sir Edward Grey nor Mr. Balfour, nor any of all those who have hastened to endorse the idea of unrestricted arbitration, seems to have thought out what it ultimately involves. There has been a recent opportunity of gaining a practical insight into the subject. But a close study of all the official correspondence relating to the protracted episode of the Newfoundland Fisheries does not indicate that the Foreign Secretary ever grasped the true nature of that dispute, which he was called upon to handle some years after it had begun. The recent Arbitration at The Hague, which is popularly supposed to have settled the dispute, never reached the root of it at all; so that after the Award was made the diplomatists had to begin all over again. The arbitration dealt only with a side issue, the interpretation of an ancient treaty, behind which the

Governments sought temporary refuge from the real question, which they dared not ask the tribunal to decide. The real question, the originating cause of the dispute, may be very briefly stated, thus: "Did the American import duty on Newfoundland fish justify the Newfoundland Government in withholding from Americans, pending the reduction or abolition of the obnoxious tax, the services of the Newfoundland fishermen, without whose skilled aid they could not profitably exercise their right of fishing in Newfoundland waters?" It was quite open to the two parties (Newfoundland, Canada, Britain on the one side; the United States on the other) to agree that the terms of reference should embrace that fundamental question, so that the Award should finally settle the dispute. But the highly instructive fact is that neither of them, apparently, ever proposed to do so. Consequently the original dispute remains unsettled at the time of writing; though it seems probable that the American Government, pursuing their policy of political expansion, may presently settle it by according to Newfoundland the tariff exemption which that Colony has been struggling for twenty years to obtain. Consider, for a moment, what would have been the result of submitting the actual question at issue; supposing the parties had been willing to submit it and the tribunal to assume the responsibility of deciding it. A verdict in favour of the British side would have meant that the Americans were no longer free to regulate their tariff in accordance with their own conception of their national interests. On the other hand, a verdict in favour of the United States would have meant that the Newfoundland Government must henceforth regard the fishermen of the Colony as the lawful helots of a foreign Trust. The practical question now arises: Are the respective Governments prepared to-day to accept those consequences of unrestricted arbitration which they were not prepared to accept so lately as last year? Are they prepared to submit to arbitration the whole principle of national sovereignty in its economic aspect, which involves the liberty of a Government to exploit the economic resources of the country for the benefit of the people inhabiting it? If the British and American

Governments are not prepared to submit questions of that character, they are deceiving themselves and their countrymen when they profess readiness to conclude a treaty of unrestricted arbitration.

If the Governments reply that these conflicts of economic interests shall not be allowed to arise in the future as in the past, they are in effect proposing a complete pooling of economic resources, *i.e.* nothing less than organic union of the British Empire with the United States. In that case it would be pertinent to inquire whether the obstacles which have hitherto prevented organic union of the component countries of the Empire would not *a fortiori* prevent the larger organic union now suggested. It would be pointed out that the United States is already Britain's most formidable manufacturing rival; whereas in the case of the Imperial project there still survives the rough division between Britain as a mainly industrial country and the Dominions as mainly agricultural countries to facilitate commercial reciprocity if not commercial union. Proceeding to the second function or aspect of organic union, it would be objected that there is no real community of ideals between the British and American peoples. Nowhere was that fact recognised more fully than in Canada, and by Sir Wilfrid Laurier among other Canadian statesmen; until the present reciprocity agreement compelled its Canadian authors to reverse the traditional attitude and begin proclaiming an identity of national ideals where formerly they had asserted a radical divergence. As was pointed out in *Colonial Nationalism*, the story of Canadian Confederation and of the National Policy is the story of a people distinguishing themselves in an almost unique manner by their deliberate, resolute, and sustained rejection of material gain for the sake of preserving a moral ideal, a record to which history can afford few parallels.

It is an unpleasant but necessary task at the present juncture to insist afresh on the dissimilarity of British and American national ideals, and to ask the people throughout the Empire whether they are willing to foster the assimilation which would be involved in a policy of organic union

such as would be implied in an unrestricted treaty of arbitration. Every Briton visiting the United States, except when he is under the influence of the cultured society of the eastern cities, is conscious of the all-pervading difference, though it is not easily defined. Perhaps in the last resort the explanation is that for Britons the national standard of conduct is based on the conception of honourable failure, while for the Americans it is based on that of success at any price. The fact that thousands of Americans share the British instinct, and thousands of Britons share the American instinct, does not affect the question of how far the two communities as such already possess or may attain the similarity of ideals which is necessary to organic union. Community of language serves to conceal the difference as well as to reveal the similarity of ideas within. President Roosevelt was supported by the public opinion of his country when he gave the British Government a "square deal" by nominating to the Alaska Boundary tribunal three avowed partisans after he had contracted to nominate three "impartial" jurists. And the American press protested almost unanimously that it was recognised "fair play" when their national champion in the Olympic games jostled his competitor off the track. The truth seems to be that as a nation the Americans—three-quarters alien in race, and moulded throughout two or three generations by an antipathy to everything British—have become temperamentally incapable of understanding what Britons mean by "playing the game," which is a conception fundamental to national character and national aims. Consequences of the radical divergence may be traced in, *e.g.*, the un-British process of their courts of justice (where the appeal to emotion is exploited to obstruct reason); in their marriage law; in their treatment of the "colour" question; and perhaps in their methods of governing subject races in their dependencies, despite their careful preliminary inquiry into the British system. It is not here argued that British standards are superior to American; still less that British practice conforms generally to the national ideal. On the contrary, the present writer at any rate would sorrowfully admit that the corruption of com-

mercial and political life which is so freely alleged against the United States is perhaps equally developed in Britain, though in somewhat different forms and with a slightly less blatant cynicism. Only it is suggested that British and American are different, and that both peoples would prefer—when they understand what the proposal of unrestricted arbitration ultimately involves—to go their respective ways, in cordial friendship, perhaps even in formal alliance; but organically separate. Britons, numerically the weaker community and further weakened by dispersion, do not care to contemplate the americanisation of the British Empire. An ill service is rendered to Anglo-American relations when politicians and prelates gain a cheap and easy popularity by putting forward crude proposals which compel such reflections to be made.

Nor can the notion that arbitration is a nobler aim for the British people than Imperial Union be allowed to pass unchallenged. The speeches of Sir Edward Grey and other enthusiasts reveal very clearly that their objection is not so much to war as the expense of war, especially preparation for war on the scale which the growth of rival Powers has rendered necessary. It may be questioned whether the burden of armaments, as an economically "unreproductive" form of national expenditure, has not been greatly exaggerated by the partisans of arbitration. If regarded as an insurance premium on commerce and industry, the expenditure still remains at a reasonable level, though the total naturally increases with the growing magnitude of the interests insured and of the risks attending them. The expenditure is certainly not more "unreproductive" than the heavy private expenditures in Britain on amusements and luxuries of a kind which conduce neither to the physical health of the nation nor to the strengthening of character. From this point of view Britain singlehanded can still well afford to maintain the armaments necessary for assuring her independence; and the United Empire could do so in perpetuity. There never has been a time, in the last twenty years at least, when the cry that the burden is already intolerable has not been raised. It seems that to-day, in addition to money,

the situation requires the institution of National Service, so as to restore to the Navy and the Expeditionary Force the mobility of which they have become deprived by the popular fear of sudden invasion, which to many seems well founded. Even so, however, nothing is required for meeting the needs of the case except national effort and individual self-sacrifice. That explains the headlong rush for arbitration and American alliance. The occasion of Sir Edward Grey's pronouncement was the protest raised by a considerable section of the Government following against the failure to reduce the defence estimates, and so liberate revenue (without additional taxation) for public distribution in the name of social reform, which they had promised to their constituents. The arbitration proposal is thus seen to arise from a desire to substitute privileges for responsibilities; and assuredly there is nothing virtuous about that. To the extent that the driving force of the movement is materialistic it belongs with Free Trade to Cobdenism, the gospel of righteousness as a path to wealth and ease, or of altruism at 5 per cent. Its antithesis is the injunction, so faithfully followed by the Canada of the last century, to scorn delights and live laborious days. Without the 5 per cent. the altruism falls flat; as the enthusiasts admit by invariably reinforcing the appeal to what they think is Christianity with the appeal to the pocket. Christianity, as others understand it, is a creed of personal self-sacrifice, and of retribution scourging peoples who shirk the duties imposed upon them.

To avoid occasions of international quarrel is an aim common to those who believe in universal arbitration as a worthy ideal and those who do not. But what reason is there to suppose that the prospect of arbitration would prove to be a more effective deterrent than is now the risk of eventual war? Under existing conditions Governments are restrained from wantonly or wittingly provoking disputes over matters of secondary importance by the possibility of finding themselves drawn into war. They know, especially when they have to rely on citizen armies, that war cannot be waged successfully unless the mass of the people are convinced both that the matter is worth fight-

ing about and that the right is on their side. That is a potent factor limiting the area of dispute and preserving international amity. But no such deterrent would exist if the ultimate appeal were always to a court of arbitration, and the penalty of non-success were nothing worse than an ephemeral discredit affecting only a handful of politicians, and not, like war, every household in the nation. Under such conditions adventurous Governments would always be taking the gambler's chance, provoking disputes in the hope that the arbitrators (*more suo*) would compromise the matter by giving them something which they had not got before. Take away the deterrent of potential war and the occasions of international dispute will be multiplied tenfold.

Nations, like men, will not readily fight without faith in their cause, least of all when the fighting would have to be done by the nation in arms. But men will readily go to law—and why should not nations?—in the expectation that the ingenuity of their lawyers will compensate the intrinsic inferiority of their cause. Would a rule of legal sophistry really conduce more to human progress than the present rule of reserved force? In its educative effect upon the character of nations is the attorney's tradition really more ennobling than the soldier's, the gallery of the law-court a finer school than the camp? Which is the better corrective to sloth and selfishness, the acknowledged vices of modern civilisation?

Returning from the West Indies two years ago, just at the time when Sir Edward Grey's startling speech on the German peril was evoking offers of battleships from the Dominions, the present writer reflected as follows:—

“Looking back to-day over the unhappy history of the West Indian Colonies since 1846—the ill-fated year when the nation, faithless to its earlier conviction, decided that slavery was a lesser evil than dear sugar—it is difficult to resist the idea that there is a Nemesis in the fate of nations. Has the expiation been completed in the ghastly failure, lately exposed in the report of the Poor Law Commission, to attain the

millennium of materialistic comfort to which, despite the subtleties of self-deceiving cant, a nobler conception of national duty was ruthlessly sacrificed? Or, since the sky has become overcast, does the final penalty remain to be paid in the violent destruction of the offending people by a more virile nation which their own debased fiscal policy, missing its intended mark, has unwittingly raised to superior power?" (*Morning Post*, June 28, 1909.)

There was reason for hope, at that time, that the nation might yet revert to the path it had forsaken before the time for repentance passed away. But to-day is heard once more the whine and squeal of men in presence of the grim Avenger, clutching wildly at any delusion of words wherewith to blot out the reality they dare not confront. Hence the revived fantasy of the Babus' Peace; another vain attempt to equalise sloth with energy, courage with cowardice, and escape the responsibilities of the British Empire.

MARCH 27TH, 1911.

Already the kaleidoscope has taken another turn. President Taft's original proposal, which Sir Edward Grey quoted in his speech, was for an agreement to arbitrate upon "every issue which cannot be settled by negotiation, no matter what it involves, whether honour, territory, or money." But now it is reported from Washington, by an usually well-informed correspondent:—

"The President holds that there are some questions that are not of an arbitral character—domestic questions, for instance, and those relating to purely domestic policy. The Monroe Doctrine, for example, could never be submitted to arbitration. It was pointed out to me by a person in the confidence of the President that if the United States should deem it incumbent on itself to guarantee Liberian Bonds, because of the peculiar relations existing between Liberia and the United States, and Great Britain or any other Power should object, that would not be a proper subject of

arbitration, as it was purely a matter of domestic policy and could not concern a third party; but any matter affecting the relations of Great Britain and the United States, irrespective of its character, would be subject to arbitration under the Treaty." (*Morning Post*, March 27, 1911.)

Clearly, if the above correctly represents the President's intention, it is in effect a complete withdrawal of the original proposal. The question underlying the Newfoundland Fisheries dispute, for example, in which at one time Sir Edward Grey discovered the possibility of very serious results, would apparently be withdrawn on the ground that it was "domestic" in character. Again, questions arising out of relations with foreign countries, *e.g.* the Venezuelan affair which led to a critical situation in 1896, would also admit of being withdrawn on the same ground. It may be recalled that out of the Venezuelan episode arose the famous Olney-Pauncefote proposal for unrestricted arbitration; so that President Taft can hardly be supposed to have suddenly remembered a class of contingencies which he had forgotten when he laid the bait for the British Government. It is reported, further, that the claim of the Senate to decide whether each particular dispute shall go to arbitration or not is also to be respected. Accepting the President's reservations, how would the proposed new treaty extend the already recognised field of arbitration? Apparently there would remain only those minor causes of dispute, especially the interpretation of existing contracts, which have long been recognised as fit subjects for judicial settlement because they involve questions of fact rather than of principle. If Unrestricted Arbitration has already gone the way of Limitation of Armaments, the British Empire has reason to be thankful.

PART I
LONDON, 1887

LONDON, 1887.

IMPERIAL CONFERENCE

FIRST SESSION

PRESENT AT THE OPENING MEETING

Britain :—

Sir Henry T. Holland, Bart., Secretary of State for the Colonies, President of the Conference.

The Marquis of Salisbury, Prime Minister.

The Earl of Cadogan, Lord Privy Seal.

Mr. W. H. Smith, First Lord of the Treasury.

Mr. Edward Stanhope, Secretary of State for War.

Lord George Hamilton, First Lord of the Admiralty.

The Viscount Cross, Secretary of State for India.

The Lord Stanley of Preston, President of the Board of Trade.

Mr. H. C. Raikes, Postmaster-General.

Newfoundland :—

Mr. Robert Thorburn, Premier.

Sir Ambrose Shea.

Canada :—

Sir Alexander Campbell, Lieutenant-Governor of Ontario.

Mr. Sandford Fleming.

New South Wales :—

Sir Patrick Jennings, late Premier.

Mr. Robert Wisdom, formerly Attorney-General.

Sir Saul Samuel, Agent-General.

Tasmania :—

Mr. John Stokell Dodds, late Attorney-General.

Mr. Adye Douglas, Agent-General.

4 PRESENT AT THE OPENING MEETING

Cape of Good Hope :—

Mr. Thomas Upington, Attorney-General.

Mr. Jan Hendrick Hofmeyer.

Sir Charles Mills, Agent-General.

South Australia :—

Mr. John William Downer, Premier.

Sir Arthur Blyth, Agent-General.

New Zealand :—

Sir F. Dillon Bell, Agent-General.

Sir William Fitzherbert, Speaker of the Legislative Council.

Victoria :—

Mr. Alfred Deakin, Chief Secretary.

Mr. James Lorimer, Minister of Defence.

Sir Graham Berry, Agent-General.

Mr. James Service, late Premier.

Queensland :—

Sir Samuel Griffith, Premier.

Sir James Garrick, Agent-General.

Western Australia :—

Mr. John Forrest, Commissioner of Crown Lands.

Mr. Septimus Burt.

Natal :—

Mr. John Robinson.

Also present—

33 Representatives from 23 Crown Colonies.

54 Other British and Colonial Representatives.

THE IMPERIAL CONFERENCE

CHAPTER I

THE PROGRAMME

“The decisions of this Conference may not be for the moment of vital importance ; the business may seem prosaic, and may not issue in any great results at the moment. But we are all sensible that this meeting is the beginning of a state of things which is to have great results in the future. It will be the parent of a long progeniture, and distant councils of the Empire may, in some far-off time, look back to the meeting in this room as the root from which all their greatness and all their beneficence sprang.”—THE MARQUIS OF SALISBURY, *April 4th*, 1887.

THE occasion of the first Conference arose naturally—since human foresight and effort belong to Nature—out of the events of the time. To the Home Rule controversy, which was then dominating domestic politics in Britain, no allusion is found throughout the official Report, the British statesman regarding it as a question concerning the United Kingdom exclusively. In external affairs the crisis in Egypt had culminated in a dramatic military campaign, in which Canadian and Australian troops had participated.

In 1885 there had been, also, a brief but agitated anticipation of war with Russia, the effects of which had been felt almost as vividly at the Antipodes as in the mother country ; the Cape and Australasian Colonies fearing that the Russian attack might be directed against their ports.¹ Australia, still a group of six disunited and discordant Colonies, had, indeed,

1885. The
Russian
scare.

¹ Cf. *infra*, pp. 47, 59, 201.

been undergoing a series of sensations, leading her people to realise that there might be "foreign complications" in the new world as easily as in the old, and that republican isolation might, after all, not be the ideal condition of national existence. In 1881 there had been an intercolonial convention to consider by what form of restrictive legislation the immigration of Asiatics might be checked. Then had followed a period of sustained alarm over the aggressive policy of France and Germany among the South Pacific Islands. The attempt of Sir Thomas M'Ilwraith, then Premier of Queensland, to annex New Guinea to the Empire, had been disavowed by the British Government, despite unusual Australian unanimity in support of his action. But it had prompted the holding of another intercolonial convention (Sydney, 1883), out of which issued the Federal Council of Australasia, charged with the duty of advising the several Governments on the external and defence interests which were common to them. Thus, in 1887, external pressure had already produced the germ of the coming Commonwealth, and had turned the attention of the Australians to the necessity of strengthening their defence forces. Their activities in this direction were, for the time being, directed mainly to the fortification of the principal ports. The contact in London of the Australian delegates with those from Canada, where federation had already been accomplished for twenty years, was destined to accelerate further the advent of the Commonwealth. In Canada also there had been an atmosphere of war, but hardly of the same kind. While a company of French-Canadian voyageurs from Quebec were helping Sir Garnet Wolseley with his river transport on the Nile, the homestay-ing Canadians had been distracted by Riel's second rising (1885) in the newly acquired North-West, now

The war
atmos-
phere
in the
Colonies.

for the first time made accessible by the completion of the Canadian-Pacific Railway. The rebellion had been suppressed, after some fighting, by the Canadian militia, leaving the Government free once more to prosecute the "National Policy" of union based on Protection, with which Sir John Macdonald was steadily wearing down the disruptive forces of the Free Trade opposition and blocking the path against American "annexation." In South Africa the Zulu war had been followed by a critical competition between Mr. Rhodes at the Cape and President Kruger, who was seeking foreign support, to secure control of the territories west and north of the Transvaal Republic.

This was the heyday of the Imperial Federation League. They took advantage of the Indian and Colonial Exhibition in July 1886 to hold a Conference, which was largely attended by Colonial visitors. On the first day papers were read by Professor Seeley; Lord Carnarvon; Lord Rosebery; and Sir Alexander Galt, the retired Canadian statesman, who advocated commercial union, a joint system of defence, and a federalist settlement of the Irish question. On August 11th the League waited on the Prime Minister to urge the summoning of an official Conference with a view to the creation of an Imperial Council; Sir Thomas (afterwards Lord) Brassey, Sir Frederick Young, and Mr. (afterwards Sir) Sandford Fleming taking leading parts. With Mr. Fleming there the question of improving the communications of the Empire was naturally given prominence. Lord Salisbury received their suggestions sympathetically. At a Mansion House dinner that evening Sir Adolphe Caron, the Canadian Minister of Marine, spoke approvingly of union for defence.

In a despatch dated November 25th, 1886, ad-

Mr. Stan-
hope's
invitation.

dressed in the first instance to the "Governors of Colonies under Responsible Government," Mr. Edward Stanhope, then Secretary of State, quoted a reference made in the Queen's Speech on the last prorogation of Parliament :

"I have observed with much satisfaction the interest which, in an increasing degree, is evinced by the people of this country in the welfare of their Colonial and Indian fellow-subjects ; and I am led to the conviction that there is on all sides a growing desire to draw closer in every practicable way the bonds which unite the various portions of the Empire. I have authorised communications to be entered into with the principal Colonial Governments with a view to the fuller consideration of matters of common interest. (R., p. vii.)

Defence
the main
motive for
Confer-
ence.

The clue to the main idea of the British Government is found in the third paragraph of the despatch. Like the decisive gathering of 1902, the original Conference was conceived in an outburst of Imperial sentiment in the mother country, evoked by Colonial co-operation in an Imperial war :

"In the opinion of Her Majesty's Government the question which is at once urgent and capable of useful consideration is that of organisation for military defence. The patriotic action of the Colonies in offering contingents of troops to take part in the Egyptian campaign made a deep and lasting impression on the public mind, and was the first practical result of much careful work during recent years. It is a necessity of the case that the measures which have been taken in each Colony, as well for the organisation of the local forces as for the construction of local defensive works, are, to a great extent, not yet fully understood and appreciated in other parts of the Empire. The close and thorough examination of the whole subject of Imperial Defence, which was completed by the Royal

Commission presided over by the Earl of Carnarvon, has led to the execution of extensive and important defensive works in various parts of the Empire, and the cordial co-operation offered to Her Majesty's Government by the Colonies in carrying out this policy indicates their desire to arrive, so far as may be at present practicable, at a common basis of action. This work is still being actively pressed on with the assistance of a standing committee, which is continuously occupied with matters relating to Colonial Defence." (R., p. vii.)

What the Government specially desired was an "interchange of knowledge" as to actual conditions in each Colony. But they disclaimed the intention of committing Britain or any Colony to "new projects entailing heavy expenditure," their object rather being to secure the best use of the money available.

"Second only in importance" to defence were the peace interests of the Empire, especially "the promotion of commercial and social relations" by the development of postal and telegraphic communications, again with a view to avoiding "that increased expenditure which necessarily results from isolated action." The tone of the despatch generally suggests that the Government felt the main difficulty of the situation to lie in a reluctance of the Colonies to incur larger financial obligations for Imperial purposes.

Besides these two "leading subjects" there might, the Secretary of State apprehended, be "some other important question which in the general opinion of the Colonial Governments might properly and usefully be brought under consideration"; a surmise which proved correct. But he expressly deprecated the introduction of "what is known as Political Federation":

Also
"peace
interests."

Federation
tabooed.

"There has been no expression of Colonial opinion in favour of any steps in that direction; and Her

Majesty's Government are of opinion that there would be no advantage in the informal discussion of a very difficult problem before any basis has been accepted by the Governments concerned. It might, indeed, be detrimental to the ultimate attainment of a more developed system of united action if a question not yet ripe for practical decision were now to be brought to the test of a formal examination." (R., p. viii.)

Thus, it is worth noting, the British Government assumed that the problem of defence could be dealt with effectually in a watertight compartment, without reference to political relations or even to trade. Finally the constitutional position of the proposed Conference was defined in the following paragraph :—

"The Conference will necessarily be purely consultative, and it will therefore not be material that the Colonies should have equal or proportional representation upon it. The desire of Her Majesty's Government would rather be that its constitution should be sufficiently representative to include, in addition to the Agent-General or other specially deputed representative of each Government, any leading public man who may be at liberty to come to England next year, and may be specially qualified to take a useful part in the deliberations. It will, I think, be convenient that I should preside at the Conference, and I need not say that I anticipate much advantage to myself and to Her Majesty's Government from the opportunities of acquiring information which will thus be afforded to me." (*Ibid.*)

Constitu-
tion of
Confer-
ence.

Mr. Stanhope concluded this historic letter by remarking on the "deep interest" of this "first attempt to bring all parts of Her Majesty's Empire into joint deliberation."

A copy of the despatch was sent also to the "Governors of Crown Colonies" (apparently not to

the Viceroy of India),¹ with a covering letter in which the Secretary of State expressed the wish of the British Government that in the treatment of the subjects proposed "the interests of all the Colonies should be duly considered." Accordingly each Governor was asked to furnish the name of "any high officer or leading public man" who was likely to be in London at the time of the Conference: failing which, some other provision would be made for the representation of the Colony.

On March 19th, 1887, a circular letter was addressed by the new Colonial Secretary, Sir Henry Holland² (Mr. Stanhope having meanwhile gone to the War Office), to the "Colonial Representatives," asking each to inform him as to "the subjects which you have been instructed by your Government, or which it may be in your own opinion desirable to bring forward." As prospective chairman he reserved the right to decide in what "mode" any particular question should be treated. Besides the leading subjects specified by his predecessor, there might also be

Suggestions invited from Colonies.

"questions concerning a limited number of Colonies only, and suitable for discussion in a section of the Conference not including the other Colonies; and again there are, no doubt, questions connected with individual Colonies which the representatives of such Colonies may desire to bring under the notice of Her Majesty's Government, apart from the Conference, on the present opportunity." (P., p. 2.)

This illustrates the original conception of the Conference as a meeting between the Colonies (col-

Status of the Colonies at the Conference.

¹ In the course of the session (R., p. 371) one of the delegates asked why the title of the Conference had been changed from "Imperial" to "Colonial." The President explained that, though the Press might call it "Imperial," the official designation had always been "Colonial," for the reason that India was not included. In later years this reasoning was disputed.

² Afterwards Lord Knutsford.

lectively, sectionally, or individually) on the one hand and the British Government on the other; the former being in the position of vassals invited to confer with their overlord, who would graciously listen to their representations.¹ On the modern theory of the Conference, as an assembly of national Governments all coequal in status, any matter of sectional interest only would, *ipso facto*, not be a question for the Conference to consider. For example, the subject brought forward² as a matter of common interest by Newfoundland in 1907 would, presumably, in 1887 have been treated by the President in the "mode" of a sectional question, or as one for consultation between the British Government and Newfoundland only.

Representatives
quasi-
official
only.

A few other points of difference between the original and future Conference may also be pointed out here. The original Conference may be said to have been, like its later successors, between Governments, inasmuch as the nomination of representatives was in their hands exclusively. But Mr. Stanhope's principle of trying to give the representatives a personal as well as an official status, and to render the Conference a non-party affair by including men from both parties and non-political leading citizens, was soon abandoned, sentiment yielding to efficiency. No Colonial representative appears to have submitted any subject in his individual capacity; and while some of them were ready to express an individual

¹ *e.g.* "The President: What I want to get is the opinion of the delegates as to the great importance of King George's Sound. It is for that purpose that we have met here to-day. It was not that I was to state any views on the part of Her Majesty's Government" (R., p. 422). In conformity with this theory the compilers of the official report distinguished, in the statement of those present on each day, members of the Imperial Government and their assistants from the "Representatives." This practice persisted in 1907 after it had become obsolete.

² Ch. XIV.

opinion on subjects officially proposed, others¹ were chary of saying anything in the absence of definite instructions from their respective Governments. Thus, although it was arranged that no resolutions² should be moved, the Conference from the first began to assume spontaneously the character of a Conference restricted to Governments, instead of developing into the kind of Areopagus which the British Government appear to have contemplated, and which still seems to be an idea attractive to some Imperialists. Compared with the original institution the modern Conference is not only more wieldy (owing to the membership being now restricted to Prime Ministers of national Governments and such of their colleagues as they may appoint), but possesses in a sense executive authority, the Governments collectively being in a position to secure concurrent legislation throughout the Empire.³ Subordinate Governments are no longer members of the Conference, their interests being in the hands of the national Governments responsible for them (*e.g.* Britain for India; the Australian Commonwealth for the dependency of Papua).

At the original Conference in 1887 the self-governing Colonies, with which were included by anticipation⁴ Western Australia and Natal,⁵ sent

The
Colonial
representatives.

¹ Especially the Canadian representatives. *e.g.* R., p. 483. The Attorney-General of Cape Colony, having circulated a confidential paper on the defences, explained: "I have done so in my position as a Minister of the Crown, and not . . . as one of the delegates at this Conference . . . that anything which was stated by me should rest upon my own responsibility, and the responsibility of the Ministry whom I represent." (R., p. 405.)

² P., p. 2.

³ R., pp. 303-5.

⁴ As the President explained, "representative" institutions having been established in these two Colonies the Imperial Government had not "the power of commanding a majority" (R., p. 265). Western Australia received responsible government in 1890, and Natal in 1893.

⁵ R., p. 265.

25 delegates, nominated by 11 Governments (6 Australian, 2 South African; New Zealand, Newfoundland, Canada).

The British
representatives.

In addition there were 33 representatives of 23 Crown Colonies. At the opening meeting the United Kingdom was represented by 11 members of the Cabinet and also 52 leading public men, including several ex-Colonial Secretaries, ex-Governors, Members of Parliament from both sides, representatives of the Royal Colonial Institute and others. On this occasion the attendance totalled 121 representatives of 35 States or Governments. At the subsequent business meetings, however, the attendance was practically confined to the representatives, or some of them, of the self-governing Colonies, and of the British Departments immediately concerned in the subject matter. None of the Crown Colony delegates appears again except in the discussion of the Sugar Bounties, when some of those representing the West Indies and Mauritius were "called in" for the occasion; so that from the outset the Crown Colonies were assigned an inferior status. After the opening meeting the galaxy of distinguished citizens disappears from the stage.

British
Prime
Minister to
open the
session

In his circular to the Colonial representatives Sir Henry Holland mentioned also that the Prime Minister would be present at the opening meeting, when reporters for the Press would be admitted. In regard to subsequent meetings, however,

"the business to be disposed of will be for the most part either of a confidential character, or such as it will be desirable to discuss informally, and without the restraint which would be imposed by the immediate publication of the proceedings; and I trust that I may confidently rely upon the earnest co-operation of all members of the Conference in preventing premature

or unauthorised communications either to the Colonies or to persons in this country. I shall at the same time take steps for supplying to the Press and to the Colonial Governments from time to time brief and authentic notes of the subjects which have been under consideration." (P., p. 1.)

The question of publicity was thus settled in advance, by the fiat of the Secretary of State, on the same lines as were subsequently adopted, after considerable discussion, by the Conference of 1907. Towards the end of the session a regrettable incident occurred, a certain newspaper publishing what purported to be a complete account of the proceedings of the Conference in regard to Samoa and the New Hebrides, thus embarrassing both the Foreign Office and the members of the Conference. The session lasted intermittently from April 4th to May 9th, and the complete official Report was given to Parliament in July. In a covering letter, transmitting it to the Colonial Governors, the Secretary of State explained its character:

The ques-
tion of
publicity.

"The Report is a verbatim account of all that passed, except that the discussion of the questions relating to the Pacific Islands is not included,¹ and that on one or two other cases I have thought it desirable, in the exercise of my discretion, to omit short portions of the discussion which were of a conversational character, or had no practical bearing on the business under consideration." (R., p. ix.)

Likewise in 1907, although full publicity was accepted as the general principle, the discussion which followed Sir Robert Bond's indictment of the Imperial Government was by agreement treated as private, and does not appear in the full Report. In

¹ Private conferences with the South African delegates, mentioned in the Index, were also excluded.

bulk the Report of the 1887 Conference, with the papers appended, is much the same as that of 1907, and of course much larger than the exiguous summaries which alone are available of the sessions in 1897 and 1902.

The published papers include replies to Sir Henry Holland's circular from the representatives of only Queensland, Victoria, South Australia, Cape Colony, and Natal. Of these documents two have come to possess an exceptional interest. On behalf of Queensland, Sir Samuel Griffith wrote in the course of his letter :

Subject of
Preference
proposed
by Queens-
land

“I hope that an opportunity may arise during the Conference of discussing the practicability of consolidating and maintaining the unity of the Empire by adding to the existing bonds a definite recognition of the principle that Her Majesty's subjects, as such, have a community of material interest as distinguished from the rest of the world, and of considering how far effect may be given to this principle by the several countries forming part of Her Majesty's dominions affording to each other commercial concessions greater than those which are granted to subjects of other States. Without for a moment suggesting any interference with the freedom of each Legislature to deal with the tariff of the country under its jurisdiction, I conceive that such freedom is not incompatible with a general recognition of the principle that when any article is subjected to a duty on importation a higher duty should be imposed on goods coming from foreign countries than on those imported from Her Majesty's dominions.” (P., p. 3.)

and by
Cape
Colony.

And among the subjects put down by Cape Colony was :

“The feasibility of promoting closer union between the various parts of the British Empire by means of an Imperial customs tariff, the revenue derived from

such tariff to be devoted to the general defence of the Empire." (P., p. 5.)

At the instance of Sir Henry Holland, the opening speech was made by Lord Salisbury, though the Prime Minister disclaimed the idea of taking any leading part in a Conference which was under the guidance of his colleague. So characteristic of the speaker was the address, besides illustrating the official standpoint, that the first part of it may be quoted in full :

"The business that brings you here to-day is of a peculiar character, due to the very peculiar character of the Empire over which the Queen rules. It yields to none—it is, perhaps, superior to all—in its greatness, in its extent, in the vastness of its population, and the magnificence of its wealth. But it has this peculiarity which distinguishes it from other Empires—a want of continuity; it is separated into parts by large stretches of ocean; and what we are here to-day for is to see how far we must acquiesce in the conditions which that separation causes, how far we can obliterate them by agreement and by organisation. I am not here now to recommend you to indulge in any ambitious schemes of constitution making. I saw in the papers (I do not know if it was true) that some of the most important Colonies have telegraphed to their representatives not to take part in any scheme of Imperial Federation.¹ If that is so, I think those Colonies are only wise. That is a matter for the future rather than for the present. These are grand aspirations. I do not cast any kind of slur upon them by calling them "aspirations"—on the contrary, these sentimental aspirations are not separated by any so deep a chasm as people think from actual practical undertakings. They are doubtless hazy now, but they are the nebulous matter that in course of ages—in very much less than ages—will cool down and condense into

Salisbury's
speech.

¹ Cf. *infra*, pp. 25-26.

material from which many practical and business-like resolutions may very likely come. But that is for the future and not for the present. We cannot emulate the German Empire in conducting all our Imperial affairs from one centre; whether we shall ever be able to do so I do not know; but for the present we must reconcile ourselves to conducting our own affairs, so far as domestic matters go, each in its own locality; and so far as our experience of that practice has gone it has succeeded fairly well. But there are other matters that are not quite so distant. Before the German Empire came to its present condition it had two forms of Union, both of which I think might be possible in an Empire such as ours, though both, perhaps, are not possible now. There was the Zollverein, the Customs Union and there was the Kriegverein, the Union for military purposes. I fear that we must for the present put in the distant and shadowy portion of our task, and not in the practical part of it, any hope of establishing a Customs Union among the various parts of the Empire. I do not think that in the nature of things it is impossible; I do not think that the mere fact that we are separated by the sea renders it impossible. In fact, the case of Ireland, which has a Customs Union with England, shows that it is not impossible. But the resolutions which were come to in respect to our fiscal policy forty years ago set any such possibility entirely aside, and it cannot be now resumed until on one side or the other very different notions with regard to fiscal policy prevail from those which prevail at the present moment. I will pass that by, and merely point your attention to the Kriegverein, which I believe is the real and most important business upon which you will be engaged; that is to say, the Union for purposes of mutual defence. That is the business which the Conference has now before it. Of course it is needless to point out that the defence of the Empire involves exertion on the part of somebody—exertion on the part of the Mother Country,

and exertion on the part of the Colonies. Our interests are common, and it is for the purpose of concerting in a great measure how our common efforts may be directed to the most salutary and effective end for the purpose of defence that it is necessary that constant communication and consultation should go on between the various branches of the Empire." (R., pp. 6-7.)

Lord Salisbury went on to criticise the notion that the only risks of attack to which the Colonies were liable were such as might arise from "Imperial action and policy." Would the Colonies feel themselves safe if they were not part of the Empire? While the policy of the United Kingdom had long been, and still was, "essentially pacific," there had taken place of recent years a great growth in the naval power of European countries, and though these countries might not be contemplating aggression, it was impossible to ignore the fact that the "facilities" for such action had been enormously increased by the development of steam and electric communication. He said in conclusion :

Colonial risks and British policy.

"Do not think that this proposal for Imperial defence is a mere contrivance on our part to lighten our burden, or that it results from any indolence or selfishness of ours. What we desire is that all parts of the Empire should be equally safe, equally prosperous, equally glorious ; and for that end we desire that all should take their fair and legitimate part in a task of which all ought to be proud. It is not merely furnishing money ; it is also furnishing men. I hope that some past experience may give us ground for the anticipation that as time goes on, more and more of those who are born in the Colonies will take personal part in the defence of the Empire in all its portions, and will join, even more fully than they have joined before, in serving under the standard of the Queen. . . . We hope that . . . we may by our organisa-

tion and by our agreement present to the world the spectacle of a vast Empire, founded not upon force and upon subjection, but upon hearty sympathy, and a resolute co-operation in attaining those high objects of human endeavour which are open to an Empire like this. (R., pp. 6-7.)

Colonial
Secretary's
address.

Sir Henry Holland's presidential address took the form of a review of the material progress of the Empire in the fifty years of the Queen's reign, followed by an explanation of the agenda he proposed. He alluded to the confederation of the Canadian provinces, and to the more recent acquisition of the North-West Territory, "through which now runs that remarkable achievement of British enterprise, the railway which has bound together the Atlantic and the Pacific shores of the Dominion"; and he noted that in South Africa there had been "in spite of troubles and constant native wars the successive additions of territory to Cape Colony, and the creation of Natal and Bechuanaland." Giving statistics to illustrate the rapid growth of Colonial commerce he was able to remark, "Of the whole trade a large and increasing proportion is trade with the United Kingdom."

Turning to the subjects for discussion he said that for his own part he would not consider the Conference to have failed if it did "nothing more than place military and naval defence on a sound footing." He then reviewed the developments of the past ten years. "Prior to 1878 little had been done to modernise the external defences of the Empire," coaling stations in particular having been neglected, although a great carrying trade was growing up. But the apprehension of war (with Russia) in 1878 had emphasised the new risks of "sudden attack" to which the outlying ports of the Empire had become exposed through the developments of steam and electricity. Accordingly in

1879 a Royal Commission had been appointed to “enquire into the defence of British possessions and commerce abroad,” and its report had formed the basis of the action now being taken in regard to coaling stations and harbours of refuge. Since the self-governing Australasian Colonies had “undertaken the responsibility of their own defence,” the preceding (Liberal) Government had confidentially communicated to them the Australasian section of the Report. The Commission had been impressed with the enormous growth of British trade and shipping. “In 1880 the merchant navy of the British Empire equalled in tonnage all the other navies of the world put together, and exceeded them in value and power owing to the greater proportion of steamships.” This, Sir Henry Holland was able to add, was “still true.” The modern necessities of coal supply, refitting stations, and harbours of refuge required that, “in addition to the Imperial fortresses of Malta, Gibraltar, Bermuda, and Halifax, it would seem necessary to defend on an adequate scale Capetown and Simon’s Bay, St. Helena, Sierra Leone, Fort Louis (Mauritius), Aden, Colombo, Singapore, Hong-Kong, Port Royal (Jamaica), Port Castries (St. Lucia), and Esquimalt (Vancouver Island), in addition to minor coaling stations.” The theory underlying the British Government’s conception of the distribution of obligations is found in the following paragraph, which possesses a further interest owing to the subsequent dismantling of many of the stations:—

Royal
Commission on
defence,
1879.

“While the defence of British commerce and possessions abroad must be based on the action of a strong navy vigorously handled, and by means of a system of protected coaling stations rendered free to act all over the world, there remains the passive defence of exposed property locally accumulated, as well as the temporary shelter of the slower class of merchant

Division of
responsibilities.

steamers and sailing vessels. In the case of many of the coaling stations the measures of defence now in progress do not merely provide protection for naval stores and coal supply. A great wealth of private property both on shore and afloat will at the same time receive protection, while the defended ports which are being created will provide shelter for slow mercantile steamers and sailing ships at the outset of war, before the action of Her Majesty's navy has had time to make itself felt. The scale of defence adopted may thus be extended beyond the requirements of a mere protected coal depot, and the defences of coaling stations constitute in some cases an insurance of Colonial property." (R., p. 11.)

Colonial
expendi-
ture on
defence.

On these grounds the Government had "invited" certain Crown Colonies, where there were "mixed Imperial and Colonial interests," to share the cost of the necessary defences. Hong-Kong, Singapore, Mauritius, and Ceylon had "agreed" to the principle of a joint advantage, and were contributing in the aggregate £276,820. "On the other hand,"

"the self-governing Australian Colonies have from an early period shown great earnestness in defending their own ports, and have agreed in principle to combine for the defence of other ports with which their interests are directly connected. At the present moment the defences of Port Phillip (Melbourne) and Port Jackson (Sydney) are, having regard to their geographical position, among the strongest in the world." (R., pp. 11-12.)

Cape Colony had spent on war expenditure a sum of nearly one and a half millions¹ sterling, mainly on the personnel of military operations, which had prevented the undertaking of any considerable or perma-

¹ P., p. 22. Table showing total expenditure for period 1877-1885:—Counting native wars, the Cape figure to date was nearer £5,000,000 (R., p. 405); New Zealand had spent nearly £8,000,000 on defence, mainly owing to the Maori wars. (R., p. 48.)

ment works of defence. After a reference to the appointment in 1885 of the Colonial Defence Committee,¹ "in order to facilitate the carrying out of measures involving the action of several departments," though it had also been engaged in "the preparation of local schemes of defence," Sir Henry Holland summed up the subjects under this head for discussion. The two most important were "the local defence of ports other than Imperial coaling stations," especially Thursday Island and King George's Sound; and "the desirability of strengthening the fleet in Australian waters by the addition of a local force," which had been discussed at length with the Colonial Premiers by Admiral Tryon, who was in command on the Australian station.

Next came the subject of postal and telegraphic communications. The question of a reduction in postal charges had been "lately brought prominently forward by Mr. Henniker Heaton in a series of letters to the Postmaster-General." But it had been stated that the Colonial Governments did not feel able to face any considerable loss of revenue, so that the question seemed to be "narrowed down very much to the point whether any loss, or what amount of loss would accrue to the Imperial and Colonial Governments respectively from the adoption of the scheme." Then "the question of connecting Australia with Canada by cable, and so affording an alternative means of communication beyond those supplied by the Eastern Telegraph Extension Company, had been from time to time mentioned in connection with the Canadian Pacific Railway," but "it was first brought formally to the notice of Her Majesty's Government on the 29th of July 1886, by a letter from the High Commissioner for Canada."

Communi-
cations of
Empire.

¹ Subsequently regarded as a Sub-committee of the later and wider Committee of Imperial Defence. Cf. Ch. XII.

Subsidiary
subjects.

Besides these subjects, specified in the original invitation, there were others, he suggested, which might advantageously be discussed, including some of a political character. There were questions relating to the Pacific Islands, which had lately been considered by the Federal Council of the Australasian Colonies. Newfoundland was aggrieved by the disallowance of a Bait Bill directed against the French on the Treaty Shore. There were several questions of importance in connection with South Africa. With regard to the Canadian Fisheries the Government were negotiating with the United States. All the foregoing, excepting the Canadian question, had been mentioned in letters replying to the Colonial Secretary's circular; and he intimated that they would be treated as matters of sectional or individual concern.

Reverting to "questions of more general interest," he referred to the problem of enforcing Colonial judgments in the United Kingdom, and announced that a Bill had been prepared which the Government would be ready to press forward provided the Colonies would undertake reciprocal action. Further questions were, the amendment of the law relating to the mercantile marine, with a view to securing more adequate and uniform provision for the preservation of life at sea; differences in marriage law; Colonial loans and the powers of British trustees to invest in Colonial stocks; uniformity in census arrangements, in anticipation of the 1891 census; and the exemption from probate and succession duty in one part of the Empire of property owned by a British subject in another part. All these questions likewise, it may be noted, had been raised in the letters of reply. But the Secretary of State had used his powers of discretion to exclude from the formal agenda of the Conference the fiscal proposals submitted by Queensland and

Cape Colony; though an opportunity was eventually found for them.

The preliminary proceedings concluded with short ^{Formal} speeches from Earl Granville, who had been Colonial ^{speeches} Secretary in the last Liberal Cabinet, and the senior representatives of each self-governing Colony. Lord Granville, who described himself as "an interested looker-on, but only a looker-on," thought that the Conference would be of great advantage to the Imperial Government:

"We succeed one another; we find on most subjects long-formed traditions; we have the advantage of very highly-trained assistants, and we almost naturally fall into a somewhat fixed groove and follow certain lines which have been adopted before." (R., p. 17.)

The intercourse with Colonial representatives might serve, he thought, to "destroy misconceptions and prejudices on one side or another."

A few points of present interest may be culled from the other speeches also. In Sir Alexander Campbell's reply on behalf of Canada, the repeated occurrence of the terms "Colonist" and "Colony" ^{"Colony"} remind us of the change in attitude and outlook which ^{and} has taken place; these designations being rarely used, ^{"Colonist."} and often resented, by Canadians of the younger generation. "I am an Englishman," said Sir Alexander Campbell later on. As regards the scope of the Conference he thought that the agenda proposed by the President "embraced subjects sufficient for the time that we have to bestow upon them, those being subjects that must be dealt with before any federation or union can be advantageously taken into consideration." A reference to the same matter was made by Sir Patrick Jennings, the ex-Premier of New South Wales, whose Government had cabled instructing its

Imperial
Federation
excluded.

representatives to take no part in a discussion of Imperial Federation. He suggested that if the Colonies could come into accord upon the list of subjects mentioned by the chairman, "there would be a considerable amount of Federation achieved"; and he recalled a remark by Mr. Deakin that Imperial Federation being thus conspicuous by its absence was never more in the minds of the people.

Deakin's
speech.

Mr. Deakin's own speech on this occasion has a curiously familiar sound to those who have heard or read what he had to say twenty years later at the session of 1907. His keynote was federation for the Australian Colonies—destined to be accomplished, largely by his efforts, within the next dozen years or so—and federation for the Empire. He mentioned the "uniting of the Colonies among themselves" as one among the "other great issues not yet referred to"; and he attributed to the difficult nature of the subject the President's silence upon the question of the deportation of foreign convicts (by France) to Australian waters. Already he was conscious, it appears, of the inadequacy of Colonial Office methods to meet the requirements of closer Imperial intercourse :

"We know the great difficulties which must exist in communicating the wishes of a few millions of people, thousands of miles away, even to that Colonial Office which is specially charged with their interests, and we would be the last, from our own experience, to blame those officials, whether permanent or political, who would avoid difficult questions if it were possible to avoid them; but what we feel is that when we have succeeded in conquering the natural *vis inertia* of the Government department specially charged with Colonial concerns, we have by no means attained the full realisation of our hopes. Behind the Colonial Office there is the Foreign Office, which is still more difficult to

reach; and behind the Foreign Office again lies that mysterious entity, the Cabinet, which in this country (as in every other), owing to political exigencies, is not only paved, but walled and roofed with good intentions unfulfilled." (R., p. 24.)

Cordially acknowledging the "considerate treatment" which the Australian Colonies had lately experienced, he went on to say :

"I thought I could even trace an indication in certain despatches, which not many years ago were issued from the Colonial Office, that even there we found a distinction drawn between Colonial and Imperial interests. That is a distinction which we ourselves are utterly unable to draw. We cannot imagine any description of circumstances by which the Colonies should be humiliated or weakened, or their power lessened, under which the Empire would not be itself humiliated, weakened, and lessened. And we are unable to conceive any circumstances under which the wealth or status of the Colonies could be increased, which would not increase in the same degree the wealth and status of the Empire. Sir, we have observed with close interest the discussion that has taken place in the Mother Country upon the question of a spirited foreign policy. There are some of us who live in hopes to see it a vital issue in the politics of Great Britain as to whether there shall not be a spirited Colonial policy as well; because we find that other nations are pursuing a policy which might fairly be described as a spirited Colonial policy. One has only to turn to the despatches which have passed between this country and the Australian Colonies upon the subject of New Guinea and the New Hebrides, and to compare them with the despatches published in the same Blue Book, taken from the White Book of the German Empire, and with the extracts of despatches issued by the French Colonial Office, to notice the marked difference of tone. The despatches received from England, with reference to English activity in

Colonial
Office
criticised.

these seas, exhibited only the disdain and indifference with which English enterprise was treated in the Colonial Office, and by contrast one was compelled to note the great eagerness with which the French and German statesmen received the smallest details of information as to the movements of their traders in those particular seas, and to the zeal with which they hastened to support them . . . we hope that from this time forward, Colonial policy will be considered Imperial policy; that Colonial interests will be considered and felt to be Imperial interests; that they will be carefully studied, and that when once they are understood, they will be most determinedly upheld." (R., pp. 24-25.)

Sir Samuel Griffith, the Premier of Queensland, occupied an exceptional position at the Conference, being also Chairman of the Standing Committee of the Federal Council, which lately had been dealing with the Pacific interests of the Australasian Colonies. He hoped that the presence of Lord Granville might be taken to indicate "for the future a continuity of Colonial policy"—an aspiration doomed to wait for fulfilment until after the Liberals had been committed to the union of South Africa under the British flag, and to the principle of Imperial Preference. Mr. Dodds, a Tasmanian ex-Minister, remarked that a great portion of the English people seemed still to be averse from closer Imperial union. Since arriving in the country he had "heard a British statesman—one who occupied a prominent position in the Government of which he was a member, and one who is esteemed, and justly esteemed, by a large section of Englishmen—advise one of our Colonial representatives to sever all connection with the Mother Country." Mr. Stanhope, now Secretary of State for War, also spoke. The time seemed to him

"Con-
tinuity"
of policy.

Stanhope
on Im-
perial
defence.

to be "specially favourable" for the consideration of defence :

"Except in one remote part of Her Majesty's Indian Dominions the Empire is at peace; and a precautionary scheme, if wisely laid and boldly carried out, may not only lead to the preservation of the Empire from war, but will certainly tend to minimise its dangers." (R., p. 27.)

So the Conference came into being; and set to work to devise a system of Imperial Defence without regard to the economic foundation of organic union.

CHAPTER II

THE BASIS OF CONTRIBUTION

As intended by the British Government, the subject of naval defence occupied the greater part of the session. Ten days out of the twenty (excluding the opening and closing meetings) were mainly devoted to it. In the result agreements were reached as to the Australasian auxiliary squadron and the defences at the Cape. Also, concessions were announced by the British Government with a view to facilitating the temporary employment of British military and naval officers under the Colonial Governments. Henceforth such employment was to count, for purposes of promotion and retired pay, as Imperial service. A memorandum was circulated,¹ not for immediate discussion, but for the delegates to lay before their respective Governments, containing suggestions for establishing an "order of precedence" among Colonial forces, and in their relation to Imperial forces, with a view to avoiding confusion of authority in case of these forces acting together. The Queen, it was pointed out, was the only authority competent to lay down rules of precedence, and no rule could well be applied except "in accordance with the precedence in seniority of the Colonies." It was therefore suggested that, as regards the mutual relations of the Colonial forces, political seniority should be the basis, but that in all cases regular troops should rank before militia, and militia before volunteers. In order to enable an

Military
precedence
of British
and
Colonial
forces.

¹ R., p. 528.
no

order of precedence to be established for Colonial officers, it was suggested that the Colonial Governments should pass Acts vesting the power of granting commissions in the Crown exclusively. The rank so conferred would be "substantive" as regards other Colonial forces, but honorary as regards the regular army, though Her Majesty might at any time make it substantive in the case of Colonial officers serving with the regular army. In the event of British and Colonial forces being employed together, the latter should rank after corresponding forces of the former ; but

Conditions
of service
abroad.

"Such occasions would necessarily be rare, and it is almost inconceivable that the Imperial volunteers should ever act with Colonial volunteers" (R., p. 528).

Such was the difference between the British outlook then and now, after the intervening experience of the South African war. It was "extremely important," the paper continued, that the terms of obligation of service in Colonial forces should be assimilated. Accordingly it was now proposed that Colonial forces should undertake to serve at all times in the defence of their Colony ; and to serve abroad if their Governments assented and provided the means, when they would come under the Imperial officer commanding and the Army Act. At the instance of the Australian delegates the War Office undertook to make arrangements for the inspection of the forces in the several Colonies by an Imperial officer. In Canada this function was already performed by the General Officer commanding the Dominion forces, who was lent by the War Office. But by far the greater part of the time was occupied with the questions especially affecting Australasia, in which the representatives of other self-governing Colonies, though generally present, took no part.

Inspection
of Colonial
troops.

What basis
of con-
tribution?

On what basis of division ought the different parts of the Empire to contribute towards its common defence, and particularly to that naval defence which must admittedly form the foundation of any system? The incidental but protracted discussion of this question forms the main interest of the proceedings at the first Conference, and helps to explain subsequent developments.

Naval
strategical
hypothesis.

Comparing the opening address of the President, as already quoted, with a lengthy statement made later on by Mr. Stanhope, and with the *obiter dicta* of these two Ministers, it is possible to say that they had devised a basis of a kind. They divided the naval requirements of the Empire into

(1) "a strong navy vigorously handled," and "rendered free to act all over the world," by means of

(2) "a system of protected coaling stations."

(3) "The passive defence of exposed property locally accumulated," and the temporary shelter of merchantmen; with which might be included the local protection of floating trade by a localised squadron.

On this hypothesis of strategical requirements they based the following political proposals:—

Political
proposals
based on it.

(1) The navy free to act all over the world should be provided, as was taken for granted in the Colonies, at the sole cost of Britain.

(2) The defence of the positions necessary for giving the navy that freedom would also be undertaken at the sole cost of Britain, except where it happened that the defences constituted "an insurance of Colonial property." In such cases the British authorities expected a contribution from the Colonial Government, and the rough-and-ready principle had been adopted of the Colony providing the works and Britain the armament thereof, which in most

cases approximated to an equal division of the expense. But where the finances of the Colony appeared inadequate to the burden of its share, Britain would pay up to the whole amount necessary.

(3) The Australasian Colonies, which had "shown great earnestness in defending their own ports," had "agreed in principle to combine for the defence of other ports" with which their interests were "directly connected."

Under stress of recent scares, these Colonies had done something to fortify themselves; and now the British Government were taking advantage of that circumstance to place them in a category apart from the rest of the Empire, including Canada and the other self-governing Colonies. Politically, therefore, the official "basis," such as it was, was essentially makeshift rather than scientific, and could not be justified logically by reference to any principle of general application throughout the Empire. The British Government started with the political theory, then becoming popular, of the "expansion of England," or "Greater Britain," which designated Imperial Federation as the political objective. Federation would imply contributions to a common fund for naval defence, and a representative body to control its expenditure. But the political question had been ruled out of court; and so the Government were constrained to seek contributions without representation wherever they could get them.

An oppor-
tunist
basis.

That, however, was not found to be the practical difficulty in the negotiations. The objection to taxation without representation—though in reality it would rather be a matter of voluntary contribution than of taxation, the contributory Responsible Governments being the taxing bodies—was not urged by the representatives of the self-governing Colonies. The

Its in-
justice to
Australia.

reluctance to discuss political federation was as much on their own side as on the other. In so far as any of them felt that certain forms of auxiliary naval defence were important to the local security of their Colony, they were always ready enough to admit the financial principle of "mixed interests," the only alternative being that the Colony should bear the whole cost. But the practical difficulty was the sense of injustice created by the British Government in trying to take the line of least resistance by pressing, or refraining from pressing, the self-governing Colonies severally in proportion to their supposed amenability. If Halifax, being an important commercial city as well as headquarters of the North American Squadron, was to be defended at the sole charge of the British Government, why should Sydney, the headquarters of the Australian Squadron, be defended at the sole charge of the Colonial Government; or why, on the principle of "mixed interests," should the British Government cheerfully provide armament for Esquimalt and Cape Town, but dispute its obligation to do so for Albany and Thursday Island? The Australasian representatives would naturally fail to see—though they never made any grievance of the more generous treatment accorded to other Colonies—why they should be asked to do more than others simply because they had already done so much. Since the basis was in fact makeshift, it would have been better for the British Government frankly to have avowed it instead of trying, as they did in the discussion, to mask the invidious differentiation with a pretence of logical principle.

Question of
basis of
contribution (1) as
between
Colonies.

In connection with the Australasian schemes the question of the basis of contribution arose in two forms. To begin with, assuming that the Colonies collectively should contribute a definite sum by way

of subsidy to the Admiralty, on what basis should it be apportioned among them? This, as the President pointed out, was a matter of exclusively Australasian concern. Its present interest is historical, the difficulty having since been minimised by the federal union of the Australian Colonies, which reduced the number of independent Governments from seven to two, viz. the Commonwealth and New Zealand. There was at the time some dispute as to whether the population basis had or had not been accepted in the preliminary negotiations with Admiral Tryon. Sir Samuel Griffith protested strongly that the question should not be allowed to stand for subsequent decision by conference in Australia, which might delay the scheme for "two or three years." A definite recommendation from the Conference would, he urged, carry great weight in the Colonial Parliaments. Accordingly he proposed that the apportionment should be entrusted to the British Board of Trade or some other impartial arbitrator. Most of the other Australasian delegates were inclined to agree, but Sir Saul Samuel (N.S.W.) objected:

"I do not think we could consent to arbitration. It must be left to be settled by the Governments of the Colonies. . . . The commerce and trade of some of the other Colonies is not so large as that of New South Wales." (R., p. 496.)

The incident illustrates, by contrast, the advantage to modern Australia of her national union; but the same kind of difficulty still remains (modified by the substitution of national for provincial autonomous units) to impede joint Imperial action. In the result the population basis was accepted, the relative similarity of economic conditions throughout the Australasian Colonies reducing the force of the objections

which generally may be raised against this basis of apportionment.

(2) As
between
Colonies
and
Britain.

Of greater moment was the question of the basis as between the Colonial Governments and the British Government. From a modern standpoint the question would rather be that of the basis as between national Governments, the peers in Conference, no exceptional status being assigned to the British Government. But in 1887 the exceptional status of Britain was taken for granted, even Mr. Deakin failing to persevere¹ to the end with his too advanced principle of regarding "Colonial" and "Imperial" interests as mutually coextensive subjects and interchangeable terms. Any settlement of the basis as between the Colonial Governments on the one side and the British Government on the other would have automatically settled the relationship, *qua* contributions, of one Colony or group of Colonies to another. The whole question, therefore, rather than half of it, was involved in the point on which the Australasian delegates gradually came to concentrate their attention, viz. the basis of apportionment as between Australasia and Britain.

The
proposed
Australian
auxiliary
squadron.

The point speedily arose in the course of the opening discussion about the proposed auxiliary squadron, which was the first business of the session. The President began by giving a summary of the negotiations up to date with the Australasian Colonies, which had been based on an Admiralty memorandum of September 9th, 1885. Rear-Admiral Tryon's instructions had been

"to take into consideration any proposals made on behalf of the Colonies, bearing in mind that the object of Her Majesty's Government was to encourage an extension of the Imperial navy rather than separate

¹ R., p. 422.

Colonial navies, and that no scheme or proposal should be accepted until approved by Her Majesty's Government." (R., p. 29.)

But none of the Colonies was found ready to accept the Admiralty scheme, which proposed that the whole expense (*i.e.* capital cost and annual maintenance) should be paid out of Colonial funds, the vessels remaining the property of the Colonies at the end of ten years, when a fresh start might be made. New South Wales, Queensland, and Tasmania had agreed that the Colonies should bear the whole cost of maintenance and pay 5 per cent. on the prime cost of the vessels, which should remain the property of the Admiralty. Victoria, supported by South and Western Australia, proposed that the Colonies should bear the charge for maintenance only. New Zealand offered £20,000 a year, and asked to have two of the vessels assigned to her local waters. The British Government now announced their readiness to effect a compromise. Interest on the prime cost of the squadron together with a ten-year sinking fund would come to £73,836 a year, whereas the proffered 5 per cent. would only be £31,000. The British Government would meet the difference provided the Colonies would undertake the cost of maintenance, making their total contribution £120,497 in time of peace, or £183,938 on a war footing. On behalf of the Admiralty, Lord George Hamilton further explained the scheme; remarking that the only difference of opinion appeared to be as to what proportion, or whether any proportion, of the prime cost should be borne by the Colonies. If the scheme were accepted the British Government would reserve a certain number of naval cadetships to be filled by nomination in Australia:

Subsidy—
first
British
proposal.

Naval
cadetships
for
Australia.

“ One reason why we were very anxious to secure the assent of the Colonies to a scheme of this character

was that we felt sure that, with the increase of wealth in Australia, there must be many gentlemen's sons . . . who would enter the naval service, and would there find a sphere for their activity and their energy, which I hope would be beneficial to the Empire and possibly flattering to the locality from which they came. At any rate we thought that that would be an additional and effective tie, binding still more closely together the Mother Country and the Colonies." (R., p. 31.)

Defending the attitude of the South Australian Government, Sir John Downer pointed out that the proposal was novel in character :

Colonial contributions a new departure.

"Heretofore the Colonies have not in any way contributed to the expense of fleets which are not for the protection of their ports,¹ but for the protection of commerce, which is common to them and to the United Kingdom." (R., p. 33.)

Being a new departure it was very necessary, he argued, that the proposal should be brought before the various Colonial legislatures in such a form that there might be a reasonable prospect of getting it accepted. Up to 1881 there had been no suggestion of Colonial contributions; and when at the Sydney Conference of that year Sir William Morgan, then Premier of South Australia, had proposed that the Colonies should contribute one-half the expense of any additional naval forces, "he was, singularly enough, the only man in the Colonies at that time who took that view." Mr. Deakin likewise insisted upon the tentative and temporary character of the arrangement to be made, which would merely mark one step forward in a continuous process of development. "We look forward to what I might call a gradual assumption of all the responsibilities of maturity." His

Deakin looks forward.

¹ Queensland, Victoria, and South Australia had acquired some small vessels for harbour defence. Cf. article on "Australian Naval Defence," by Captain R. M. Collins, in the *Navy League Annual*, 1908-9.

Government were "thoroughly desirous of regarding this question and all other questions of a like nature in a federal and Imperial aspect." Accordingly they would not press the point that the shipping interests which the new squadron was specially intended to protect were smaller in Victoria than in some of the other Colonies; and they would leave out of sight the value to the British navy of the defence works already accomplished at a cost of £160,000 a year. Victorian defences were Imperial defences. Nor would they be influenced by the probability, according to their information, that the British Government had in any case intended shortly to strengthen the Australian squadron. In the circumstances he thought that the Victorian proposal was sufficient for the next step in advance. Sir Dillon Bell explained the attitude of the New Zealand Government, who were prepared to contribute more liberally in proportion than some of the Australian Colonies. His main point was that the Colonies had said they wanted an "Australian Fleet" (in the sense of a fleet assigned to local service), and that they ought therefore to be prepared to pay towards prime cost as well as maintenance. New Zealand, he felt, had particular interests in local naval defence, owing to the relatively large number of her harbours, her coal-mines near the sea which would attract attack, and her isolation in a quarter which would be brought nearer to danger by the opening of the Panama Canal.

New Zealand's danger.

In order to promote agreement among the Australian Governments, and at the same time to secure a scheme which "would serve as a basis and model for any future arrangement in the case of other Colonies,"¹ the British Government again offered to modify their proposal. They felt bound to adhere to

Subsidy—second British proposal.

¹ R., p. 155.

their stipulation that the Colonies should contribute something to a sinking fund, without which there might be difficulties in the British Parliament in the event of an attempt being made later on to renew the agreement for a further term. But they were prepared to relieve the Colonies of the additional cost which would be incurred in war, thus making the annual contribution a fixed and limited sum. Under further pressure from the Colonial representatives they agreed to accept the liability of replacing any vessels that might be lost through accident; and to forego any guarantee that, if any Colony should withdraw from the scheme, the others would make up its contribution. There was counter-higgling on the side of the British Government. When the Colonial representatives insisted that the limit of contributions for interest and maintenance respectively should be specified in the Agreement, the President succeeded, by a somewhat arbitrary use of his powers as chairman, in squeezing the interest maximum up from £34,000 to £35,000. This, together with £91,000 for maintenance, brought the total annual contribution to £126,000. Other details having been settled, the negotiations reached what Lord George Hamilton described as "a very satisfactory conclusion."

Without
any recog-
nised basis
of con-
tribution.

Towards the close of the first day's discussion Mr. Service (Vic.) had protested emphatically that the absence of any recognised "basis" of contribution was hampering the proceedings, and could not fail to handicap the Governments in trying to commend any agreed scheme to their respective Parliaments:

"What we are discussing now is not the incidence of the money" (as between the several Colonies), "or how it is to fall, either in the direction of maintenance or of construction; but what we are contending about is

the total amount of money that the Colonies are expected to contribute." (R., p. 47.)

Later on, in the discussion about the defences of Albany and Thursday Island, Sir John Downer amplified this argument;¹ contending that the basis of contribution should be the respective interests of the several Governments in the trade between them, and in the shipping (ownership and insurance) which carried it. Victoria and South Australia were throughout the chief advocates of the commercial basis; though Mr. Deakin did not go further than to plead for the definite adoption of some or other general principle and its systematic application.

Sir Henry Holland seems to have felt that the point was embarrassing. For the moment he could only protest that the British Government had stated their scheme "very clearly,"² naming a definite sum for the Colonies to contribute, and definitely allocating it to specified purposes. But this was no answer to the question of the general principle by which that sum was assessed. Outside the Conference he prepared at length a paper of "Remarks" on the opening discussion, which was officially circulated before the session closed:

"It was stated that, in its financial aspects as between the Imperial Government and Australasia, the scheme rested on no basis. This contention, however true, may be easily disposed of. There has never been any attempt to find a financial basis, and the arrangement cannot well be placed in this light. The Australasian Colonies at the conference of 1881 expressed a wish to secure a permanent increase of the squadron in their waters, an increase which the Imperial Government was unable, having regard to its other responsibilities, to provide, and the present proposals of the

Sir Henry Holland evades the issue.

¹ R., p. 426.

² R., p. 47.

Admiralty were made with a view to meet the Colonial requirements, as far as possible, without throwing a burden on the taxpayers at home, which they would certainly resist. But what financial basis is possible? In any such calculation the home taxpayer would claim credit for a peace naval expenditure, already exceeding an average of £13,000,000 per annum, and the total peace contribution now asked from the Australasian Colonies, £122,597 per annum, would appear trifling in comparison." (P., p. 256.)

Compares
relative
interests
and
burdens.

Even omitting the cost of the British navy from the comparison, he found that of the total Australasian commerce nearly four-tenths was inter-colonial, and over one-tenth was foreign, leaving only one-half for trade in which Britain was interested; while the amount of trade per head of population was in the Colonies nearly double the British average, so that individually the Australians were twice as heavily involved. As to ships, the Colonial tonnage cleared at Victorian ports was larger than the British tonnage, and the rise of insurance rates in war would fall as heavily on Colonial producers as on British owners :

"On all accounts, therefore, it appeared to us to be desirable to make a simple and definite offer to the Colonies, rather than seek for an adjustment on a basis which would either be fallacious, or would tend to arouse the susceptibilities of the heavily burdened taxpayers at home. It may be true, as has been stated, that the proposed arrangement rests on no numerical basis, but, from what I have said, it will be evident that the scheme cannot be regarded as illiberal, whether considered in the light of relative interests or relative burdens." (P., p. 257.)

Continuing his criticism, Sir Henry Holland pointed out that if the scheme was a new departure from a

Colonial standpoint, it was not less so for the British Government :

“ It has never been laid down that a squadron of a certain strength should be kept always in certain waters, or removed only in case of extreme urgency. The Imperial Government has now given this undertaking in the case of the Australasian squadron,¹ and we consider that the mere knowledge of the fact will definitely reduce the risks of attempted aggression in Australasian waters.” (P., p. 257.)

He again emphasised the gratuitous benefit to the Colonies not only of the existing squadron in Australasian waters, costing £237,000 to maintain, but also of the navy generally and its world-wide coaling stations, to which they contributed nothing. “ The whole question,” he complained,

“ seemed to be handled as if Australasia were in a ring-fence, and provided that the force maintained within that fence was adequate, all the conditions of defence were fulfilled.” (*Ibid.*)

These criticisms were hardly fair to the Australasians. If they left the British navy out of their suggested “ basis,” it was not because they ignored its fundamental strategic importance, but because, under the political conditions of that epoch, they took it for granted. The mother country had always been responsible in a general way for the naval defence of the Empire ; that principle had been expressly stated in connection with the Canadian confederation twenty years previously ; and if the Colonies were now to pay regular contributions (as distinguished from emergency measures), on what basis should the shares be calculated ? The British Minister’s statistics regarding commerce and shipping, again, hardly met the case put forward. The

Regular contributions must have a basis.

¹ It was only the proposed auxiliary squadron that was to be restricted.

Australian delegates could have replied that a large part of the intercolonial trade was overland only, and that shipping interests should be assigned to capital invested than to ports visited.

Colonies
pay for
local
service.

Nor could the demand that the auxiliary squadron should be tied to Australasian waters fairly be adduced as evidence that the Colonies were clinging to the "ring-fence" strategical fallacy. Their attitude in the Conference was perfectly simple and rational. They were contributing to the cost of a squadron which was specially intended, as stated in the preamble to the Agreement, "for the protection of the floating trade in Australasian waters," against such raiders as might elude the main navy, so that the localisation was essential to the purpose of the payment. But the British Government seem to have lost sight of this essential feature of the arrangement in their eagerness to get a precedent established for the general principle of Colonial contribution to the British navy. This appeared in the first day's discussion when Lord George Hamilton explained "quite frankly"¹ that the Admiralty objected to the principle of any vessels being tied to certain waters, but had sacrificed this objection in hopes of getting the financial proposals accepted by the Colonies. Mr. (afterwards Sir Robert) Wisdom (N.S.W.) asked in whom should be vested the discretion of allowing the vessels to be moved from Australian waters? Sir Henry Holland replied, "That there can be no question about—it must be the Admiral in command of the Australian station." "If so," remarked Mr. Wisdom, "there would be great difficulty in getting some of the Colonies to agree to the proposal."² The matter came up again when the text of the Agreement was being considered. By the draft the

The ques-
tion of
control.

¹ R., p. 42.

² R., p. 44.

additional vessels were to be employed "in the same way as are Her Majesty's ships of war" within the geographical limits of the Australian station. Mr. (afterwards Sir John) Forrest (W.A.) then asked if that would permit, as seemed desirable, of the ships being taken away "in case of any great necessity arising." Mr. Deakin said the undertaking had been that it should only be done with the consent of the contributory Governments. Lord George Hamilton thereupon remarked :

"The fact is that in war or any emergency, whatever arrangements are made in time of peace are overruled. I think this provides for any ordinary emergency." (R., p. 491.)

The final draft of the Agreement specified that the vessels might be employed outside the Australasian limits "only with the consent of the Colonial Governments." But Lord George Hamilton's remark was remembered, and helps to explain the belief which took root in Australia that paper agreements with the Admiralty, for limiting the range of vessels, were worthless.

Before leaving this aspect of the question it should be noticed that so far the Australian Colonies were intent only on restricting the sphere of the squadron under Admiralty control, not on obtaining naval control for themselves, which came later on. To the national rather than the Colonial point of view belongs the political idea that the country must not only develop its own fighting power, but keep control of it at least up to the verge of hostilities, if it is to have any effective influence in foreign affairs and avoid wars unnecessary to its national interest. In the report of the first Conference there is no appearance of any desire on the part of the Austral-

No desire
for
national
navy in
Australia.

asian Colonies to create naval forces of their own, so as to develop the maritime power of their own people, rather than hire their naval defence from Britain. The offer of cadetships seems to have evoked no enthusiasm. Some anxiety was displayed at the prospect that those of the new ships which were not to be kept in commission would have to await the arrival of reserves from England before they could go on active service. Admiral Sir Arthur Hood explained,¹ "it would never do for the Imperial navy to maintain the complement required to man" these vessels "in comparative idleness in Australasia. We should lose half the men by desertion; they would see men performing the same work receiving double wages." In the case of the nucleus crews this difficulty might, he thought, be overcome by employing pensioners, who would draw their Colonial pay in addition. But none of the Australasian delegates took the occasion to suggest that the difficulty caused by the difference between the British and the Australasian scale of wages would be permanent, and could not be overcome until the Australasian Governments assumed the whole responsibility.

Manning
the
auxiliary
squadron.

The vital importance of the question of the "basis" was only emphasised by the concluding words with which the Secretary of State dismissed it :

Founding
a new
system.

"We do not regard this question in the light of a mere bargain between the Mother Country and the Colonies, but as the starting-point of a new policy—the first step towards a federation for defence which will not only add strength to the Empire, but tend to bind its members in closer union." (P., p. 258.)

Surely the starting-point of a new policy, the first step towards federation, was essentially the

¹ R., p. 152.

proper occasion for reaching a clear understanding as to the "basis" rather than for postponing that question.

Although the Colonial Secretary's "Remarks" were prompted by the discussion on April 5th, they were not published until the 23rd. In the interval the question of the basis had become more acute than ever, in connection with the negotiations about King George's Sound (leading to Albany) on the south-west coast of Australia, and Torres Straits (commanded by Thursday Island) on the extreme north-east, separating the continent from New Guinea. During the recent war-scare hasty measures had been taken for the defence of King George's Sound. Admiral Tryon had stationed two of his vessels there—thus impressing the Australians with the strategic importance of the place—and the British Government had proposed sending out some muzzle-loader guns.

Thursday
Island and
Torres
Straits.

A definite scheme for the permanent defence of these two positions was now placed before the Australasian delegates. The main provision was that the cost of the necessary works, with their maintenance and Colonial garrisons, should be assumed by the Australasian Colonies collectively. As regards armament, the British Government, while "not prepared to undertake the cost of defences on Australian territory," owing to the large expenditure they were incurring on the "coaling stations on which the lines of communication with the Mother Country will depend in war," were still willing to furnish as an act of grace the muzzle-loader guns, which might suffice for immediate requirements.

The cost of the necessary works was estimated at £12,700 for Albany, and £14,800 for Thursday Island. If the Colonies were prepared to pay for modern guns,

the additional cost of these would be £19,940.¹ Thus the amount of money involved was not large.

Again no
basis.

But the Australasian representatives unanimously objected to the suggestion that obsolescent guns should be mounted in the works the Colonies were to provide; and they urged the British Government to better their offer to the extent of furnishing up-to-date weapons. So the whole question of the "basis" was raised afresh, South Australia and Victoria returning to the attack. Sir John Downer contended that from whatever point of view the situation was regarded "it ceases to be an Australian question, it becomes a question for the Empire." In reply Mr. Stanhope argued that it had never been admitted by the British Government that they were bound to go to any expense whatever for the defence of any positions upon the continent of Australia," thus practically repudiating, in regard to Australia, that principle of "mixed interests" and corresponding contributions which had been laid down for the rest of the Colonial Empire. His statement provoked Sir Graham Berry (Vic.) to retort that this repudiation of the generally recognised liability of the British Government to assist in such works would seriously impair the willingness of the other Australian Colonies to assist Western Australia and Queensland in the present instance. Fortunately the representatives of New Zealand were throughout taking a broad view of their Colony's relations with Australia. Otherwise they might have been tempted to argue that 1200 miles of sea were as good as 12,000 to exclude responsibility for the defence of positions on the Australian continent.

Sir Samuel Griffith, though representing the Colony to which Thursday Island belonged, was inclined at first to dissent from the claim put forward

¹ R., p. 246.

by his southern colleagues. He regarded King George's Sound and Torres Straits as "more properly belonging to the land defence of the Colonies, which we had undertaken to provide for ourselves,"¹ the difference between these positions and others being that they were "not more peculiarly valuable to the particular Colonies in which they were situate than to all." Later on he modified this view, pressing the British Government to state whether they considered the fortification of a coaling station to be "simply a question of land defence,"² because a different impression had prevailed. But the immediate effect of his dissentient attitude was to encourage Mr. Stanhope to repeat, "We cannot admit for a moment the principle of sharing at all in the cost of the land defences of Australia." Nor was the President more successful than his colleague in avoiding inconsistency. He began and ended by agreeing with Mr. Stanhope that the British Government recognised no obligation to contribute to the defence of positions in Australia, and had offered the muzzle-loader guns only because they had not wished to withdraw from a promise made in time of emergency. But in the meantime he is found arguing that in offering these guns the British Government were treating Australia on the same principle as applied in the cases of Hong-Kong and the Cape.³ Thus the exceptional treatment of Australasia was alternately admitted and denied.

The position adopted by the Government was further weakened by the language in which the President had, at the opening of the discussion, described the importance of the two places, making absurd the hypothesis that these were not cases of mixed Imperial and Colonial interests, and therefore proper cases for the provision of adequate armament

"Mixed
interests"
at Torres
Straits and
King
George's
Sound.

¹ R., pp. 263, 427.

² R., p. 284.

³ R., p. 426.

by the British Government. Admiral Tryon, as the President had reminded the Conference, had called attention to "the great importance" of both places "in both a military and a commercial sense." (He had, in fact, described them as the most important "in the whole of the Australian littoral,"¹ and had likened Thursday Island to Gibraltar.) And in a memorandum issued from the Colonial Office to the Conference it was stated :

"Although the present commercial importance of Albany is relatively small, the annual value of the passing trade was estimated at more than £30,000,000 in 1880, and this amount would be largely increased in time of war in the event of possible interruption to the Suez Canal, in which case the bulk of the Australasian trade with Europe would follow the Cape route. As regards the Torres Straits, the value and bulk of trade following this route in time of peace will certainly increase, and the war importance of a coal-
ing station, as a link between Australasia and the East India and China stations, can hardly be over-rated. The contemplated increase to the Australasian squadron will permit the defences of these two positions to be on a more modest scale than has been hitherto adopted ; but the importance of providing the coal stores there with protection against a raid by a hostile cruiser is nevertheless enhanced. In order that the Australasian squadron may be rendered free to act with the utmost vigour in defence of floating trade, protected coal at these vital strategic points becomes a necessity.

"Finally, both positions possess considerable natural advantages for defence ; and, as has been pointed out by Admiral Tryon, they require for that very reason to be denied to an enemy, who, once established there, could not be dislodged without an effort." (P., p. 272.)

¹ P., pp. 26-34.

Such was the description, in an official memorandum actually before the Conference, of the positions which were now being belittled by the British Government as places of minor importance, off the main line of Imperial communications, and properly belonging to the "land defence" of the Colonies! Surely the British Ministers had fallen into the very pitfall which they had expressly marked for avoidance. They were seeking an "adjustment on a basis" which was plainly "fallacious," and were thereby arousing the "susceptibilities" of taxpayers.¹

In these circumstances it was inevitable that the Australian delegates should press persistently for a definite and intelligible answer to the question: Did the Admiralty and War Office regard these positions as being of Imperial importance, or did they not? If they did, the question of the basis would have to be faced; but if the strategical experts had changed their minds the Colonial Governments would, Sir Samuel Griffith urged,² be glad to have a revised opinion, which would guide them in making out of their own resources such provision, if any, as the reduced importance of the positions might seem to require. It was a hopeless dilemma for the British representatives, who could not afford to answer the question one way or the other. They had to admit that the positions were important; but they pleaded that others were more so; and that while the British Government could not better their offer for the present, they would not close the door to a future reopening of the question. Sir Henry Holland, indeed, went so far as to express the opinion that Torres Straits would probably be the next place to be added to the list of recognised Imperial coaling stations.³

Australians
press for a
definition
of basis.

There the question had to be left. The other

¹ *Supra*, p. 42.

² R., p. 423.

³ R., p. 436.

Australasian Colonies were ready to assist the Colonies immediately concerned in the defence of the two positions, provided the British Government would act on the principle followed in other parts of the Empire and contribute a proper armament. Feeling, no doubt, that this was an unsatisfactory ending, the President circulated a paper which he frankly described as "a defence of the position taken up by the Imperial Government":

"The question of the defence of King George's Sound and Torres Straits has been discussed at some length by the Conference, and I think it is desirable to call attention to certain points which have arisen, on which some misapprehension appears to exist. The choice of Imperial coaling stations was made after most careful consideration by the Royal Commission, and neither King George's Sound nor a position in Torres Straits was recommended by that Commission. I am unaware that Her Majesty's Government have at any period considered that the cost of the defence of these positions should be shared by the Imperial Government. The Intercolonial Conference, held at Sydney in 1881, adopted a Resolution pledging its members "to procure the efficient fortification and land defence of the several ports of the Australian Colonies at the cost of the several Colonies interested"; and although they subsequently made one exception as regards King George's Sound, Her Majesty's Government consider that that harbour and Torres Straits fall distinctly within the scope of the above Resolution. During the discussions which have taken place on this subject, it does not appear to have been sufficiently recognised that these two positions have, so far as the Imperial Government is concerned, no special claims to be considered on a different footing from other Australian ports. The representatives of Western Australia have generously offered to bear a large share of the cost of the defence of King George's Sound, and have intimated regret that the present

financial position of the Colony did not permit it to undertake the whole burden.¹ In the case of Torres Straits, there can be little doubt that the Colony of Queensland will at a future date be able and willing to undertake the defence of Thursday Island at its own charge. Both Queensland and Western Australia have represented, however, that in the cases of Thursday Island and King George's Sound, Australasian interests are involved. Neither is a great commercial port or the capital of a Colony. Both have a strategic rather than a mercantile importance. In the view of the Imperial Government these ports present no essential points of difference from any of the other Australasian harbours, the local defence of which has been recognised as a matter of Colonial responsibility. As regards King George's Sound certainly, and as regards Thursday Island probably, no question of an Imperial contribution in aid of defence would have arisen if Western Australia and Queensland had attained the development which a few years will suffice to bring about. Lord Derby in 1885, at a time when war appeared imminent, having in view the inability of Western Australia to undertake the defence of King George's Sound, offered to send out submarine mines, together with a certain armament which, if temporarily mounted, would have conferred a measure of protection on the coal there stored. . . . Her Majesty's Government having thus offered to present guns, with an effective mining equipment at a period of great emergency, they decided not to recede from that offer, but to extend it as regards Thursday Island." . . . (R., pp. 529-30.)

Once more, it will be noticed, the fundamental question of the basis was evaded. If neither of the positions was "a great commercial port or the capital of the Colony," the same disqualification for Imperial aid should have applied to, *e.g.*, Esquimalt. If both had a "strategic rather than a commercial

¹ *i.e.* works only, not guns.

importance," how could this be adduced as a reason for throwing the whole expense on the Colonial Governments when the British Government were offering to bear the whole cost at Simon's Bay on the strength of that self-same consideration? Why, in short, should Australia be differentiated from Canada and Cape Colony? The official answer was that the Australasian Colonies had "recognised" the responsibility of defending their own ports. But there remained the ulterior question, Was Australasia right in recognising this responsibility, or was Canada wrong in declining to do the same? Clearly both could not be right, though each might maintain that it was, and until this vital point was settled there could be no "basis," and no real progress towards an Imperial system.

Canada's
attitude
towards
naval
defence.

The difference in attitude between Canada and the Australian Colonies, in regard to the naval defence question, reflected the difference in their respective political conditions. Unlike the Australasian Colonies, which were still a group of disunited provinces, the federated Dominion was already developing a national consciousness. This would naturally have tended to impel the Canadians to set about creating naval forces under their own control, so as to acquire and retain an effective influence over their foreign relations, had it not been neutralised by counteracting circumstances. These were: first, the open resistance of the Admiralty to the division of naval control even in time of peace; secondly, the lack of unanimity in Canada as to whether the national destiny of the Dominion lay within the Empire or in a continental combination with the United States; thirdly, the French-Canadian dread of active Imperialism, which was thought to menace the provincial autonomy of Quebec; and fourthly, the wide prevalence of a

doubt as to whether naval defence, within or without the Empire, could add anything necessary to the security of the country, having regard to its peculiar situation.

The effect of these retarding influences was to compel the Dominion to mark time. The last-mentioned influence appears incidentally in the formal statement which was practically all that the Canadian representatives contributed to the discussion of Imperial defence. Sir Alexander Campbell described how, at the time of the confederation movement, the British Government had agreed to undertake the naval defence of the proposed Dominion. Canada for her part was to be responsible for land defence, devoting to that purpose not less than £200,000 a year—an average which in practice had been exceeded, particularly owing to the recent rebellion in the North-West. In consequence of this understanding the British troops had gradually been withdrawn, except from Halifax, as to which Sir Alexander explained:

“There is a garrison there maintained for Imperial purposes, more in connection with the North American squadron and the supply of depôts and so on than for any other reason—at all events not for any reason connected with the defence of Canada.” (R., p. 271.)

Later on he slightly modified this strategically heretical view, but without suggesting that Canada should contribute. After a reference to the Canadian-Pacific and Intercolonial Railways, which he claimed should be regarded as works auxiliary to Imperial defence, he continued:

“In reference to . . . the naval defences, we set out with that agreement with the Government that they were to undertake the naval defences. It was not at that time a very burdensome undertaking upon

them; I do not think it is so now. They maintain for Imperial purposes, as for other purposes, the North American squadron, and so long as that squadron is at our doors, Canada does not need any other naval defence. Since that agreement was made by Her Majesty's Government, the Colony of British Columbia has been added to the Dominion, and therefore there is a coast of Canada now on the Pacific Ocean. That coast is defended for the present by Her Majesty's North Pacific Squadron, which goes to Esquimalt once a year, and is more or less there all the time, as the North American Squadron is more or less at Halifax all the time. I think that, although we have come to no understanding, but the reverse, we would some years ago have been willing to open a naval school at Halifax. We did try it." (R., p. 275.)

Admiralty
discour-
ages her
naval
aspirations.

He proceeded to describe how Lord Lorne, as Governor-General, had applied to the Admiralty for an old frigate to use as a training-ship. The frigate was given, but she proved to be worthless:

"She could not steam and she could not sail. This discouraged our efforts completely. . . . If our budding ambition had been then encouraged, and we had got anything like a reasonable ship, we should have established a naval school. I have no authority to state it, but I believe that there would be a possibility of rendering assistance in this direction still. We have a very large and valuable body of fishermen, calculated at 80,000, as good men and probably better men (as I am an Englishman) than the French get from St. Pierre and Miquelon . . . just the kind of men that the naval authorities would like to get. . . . It would be possible also to have some small vessels of the same kind, in which naval knowledge could be acquired on the great lakes. There is a Treaty¹ with the United States which prevents any such vessels being armed, but still it might be done without such

¹ Cf. Ch. XII. Canadian Minister's statement.

vessels being armed, so as not to contravene that Treaty." (R., p. 275.)

No similarly formal statement was made on behalf of Newfoundland, but her representatives urged that St. John's should be fortified as a coaling station, the Colony having built a first-class dock, and all the Atlantic cables except one having their terminals on its coast. Sir Ambrose Shea reminded the Conference, as a matter of historical interest, that the "whole cable enterprise had its origin" in the Colony :

"We cradled that cable undertaking at the beginning, at a time when very little faith was entertained by the world at large as to the feasibility of it. We gave it a charter, we gave it money, and we originated the Atlantic Cable some thirty years ago." (R., p. 281.)

The peculiar political conditions in South Africa, preventing the English-speaking section of the European population from regarding the two Colonies in any other light, present or prospective, than as an annexe to Britain, smoothed the path of the Admiralty scheme for that quarter of the Empire. The Cape representatives, with Mr. Robinson of Natal, alone were present at the discussion, which was based on an explanatory paper prepared by the British Government :

"The Royal Commission and the Colonial Defence Committee have reported that the defence of both Table Bay and Simon's Bay is necessary in order to secure the Cape Peninsular against attack and to provide a safe base for Her Majesty's ships, as well as a protected harbour for the mercantile marine, and further to guard the docks and general resources, valuable alike to the Imperial navy and to merchant vessels. In view of the large amount of exposed private property at Table Bay, and of the fact that the

Newfound-
land and
defence.

The
defence of
Cape
Colony.

defence of the Peninsular would increase the prosperity of Cape Town as a commercial port, and constitute at the same time 'a war insurance on the mercantile wealth of the Colony, the Royal Commission considered that a portion of the cost should be borne by Colonial funds. Accordingly, it was originally proposed that the whole cost of the defences of Simon's Bay should be an Imperial charge, and that the Cape Colony should be invited to take measures for the defence of Table Bay.

"It has been represented, however, that the burden involved is greater than the financial resources of the Colony can reasonably be expected to bear, and the matter has therefore been reconsidered with a view to meet the necessities of the case.

"Her Majesty's Government now propose that the cost of the works and sites at Table Bay only should be borne by the Colony, the armament being provided at Imperial charge.

"This course has been adopted in the case of the Colonies of Hong-Kong, Singapore, and Mauritius, as well as in that of Ceylon, where Trincomalee is being defended at Imperial charge, and the whole cost of the works and the sites at Colombo is being borne by the Colony.

"In the case of Table Bay, the estimated cost of the works is, roughly speaking, £70,000.

"The Imperial Government, on its part, undertakes to provide an armament, at a cost of £75,000." (R., pp. 404-5.)

The original suggestion, that Cape Colony should bear the whole cost at Table Bay in consideration of the British Government bearing the whole cost at Simon's Bay, illustrates once more that in reality the sole "basis" adopted by the British Government was that of getting in each case as much as it could from the particular Colony. The revised basis, in this instance, was the same as that "agreed" upon with the Crown Colonies, from which the

arrangements with Canada and Australia respectively were mutually opposite departures. But Sir Thomas Upington, the senior Cape representative, did not quarrel with the revised scheme. The Cape Government, he declared, would readily go beyond their present proposal did the state of their finances permit them.¹ But as matters stood, they could not afford to be "charitable"—an expression which illuminates the Cape-Imperialist point of view of that time. He mentioned the heavy expenditure of the Colony on Native wars, the interest on which, added to £240,000 a year spent on military establishment, would bring the existing charge under this head to no less than £450,000 a year, out of a total revenue of about £3,000,000. The Imperial neglect of Table Bay had given rise to "bitter complaint" in the recent war scare, when the Imperial officer commanding had been obliged to appeal to the Ministry for help in extemporising defences:

"Certainly that is not a condition of things which is justifiable either from an Imperial or from a Colonial point of view. Is Table Bay an important Imperial position or is it not? If it is not an important Imperial possession, then why should not Her Majesty's Government withdraw their forces from it altogether, and confine themselves to the naval position at Simon's Bay?" (R., p. 406.)

The importance of Table Bay.

He went on to show that Table Bay, with its new docks and breakwater, was indispensable to the navy. But the Colonial Government were prepared not only to find the sites and the unskilled labour for the proposed fortifications, but also to guarantee to place 2000 trained men at the disposal of the Imperial officer commanding. Further, if a suitable ship could be stationed in Table Bay, they would

¹ R., p. 417.

like to discuss the formation of a local Naval Defence force. The whole statement was welcomed by Mr. Stanhope as a "very considerable step in advance."

After Sir Thomas Upington had finished, Mr. Hofmeyr described the attitude of the Afrikaner section. He especially laid stress on the connection between military self-sufficiency and political independence, which twenty years later was at issue in an acute controversy of far-reaching result between the Governments of Britain and Natal :

Military self-sufficiency essential to political independence.

"The feeling of the section I have alluded to is this. That for internal defence against native tribes the Cape Colony should be responsible; that it should be their duty, and perhaps also their privilege, to defend themselves in all Caffre wars, and in internal disturbances; and that on acquitting themselves of that duty they should be at full liberty to manage internal affairs, especially as far as native tribes are concerned; but that in the matter of coast defence the first and primary duty should rest with the Imperial Government, for this reason: that enemies from whom the Colonies might suffer, and would suffer on the coast, would not be enemies of their own making, but would be Imperial enemies, enemies made by the Imperial policy, enemies perhaps made, too, in the maintenance of a policy, even opposed to the general interest of the Colony itself; perhaps, for instance, in the maintenance of the policy of keeping open the Suez Canal, in which the Cape Government have no interest whatever, and which indeed is rather opposed to the interests of the Cape Colony. They hold that so long as no system of federation or of government in which they are represented has been hit upon or developed, so long they cannot be expected to be in duty bound to defend themselves against the European enemies of England. But, at the same time, they acknowledge that there are very great advantages in belonging to the British Empire, and, belonging to the British

Empire, they share, whether they will or not, in the common danger; and therefore they are ready and are prepared to do something. But we believe that the circumstances of the Cape Colony are such that so much cannot be demanded from us as can reasonably be demanded from other Colonies. We maintain that, even for the very considerable debt which we have incurred in Caffre wars, the Imperial Government is to some extent, if not directly, at all events indirectly, responsible. (R., p. 414.)

In support of this contention, which has been a permanent factor in South African development, Mr. Hofmeyr referred in some detail to the Gaika-Galeka war of 1877-8, and the Basuto war of 1880-1.

An opportunity was afforded also to Mr. Robinson to make a statement on the position in Natal. He mentioned that the Colony had enrolled "a most efficient force of naval volunteers" for the protection of its principal port. But the failure of the British Government to take any measure for the defence of Durban had the effect of aggravating certain misgivings with regard to the political position. He cordially recognised, "as a colonist, most fully the very handsome, and, I may say, the Imperial manner in which the Home Government had time after time contributed to the defence of its subjects in South Africa," notably in the Zulu war. And yet :

"It has been brought before me over and over again during my recent visit home from different quarters that it is possible under conceivable circumstances that South Africa might be given up by the Empire. . . . It is very disheartening, it is very paralyzing to a Colonial community to even have to entertain a suspicion of that sort. Some years ago I was in England, sitting on the terrace of the House of Commons, discussing South African matters, which were then under a cloud, and an eminent statesman

The
defence
of Natal.

Little Eng-
landers.

said to me, after hearing what I had to say on the subject, 'Well, Mr. Robinson, I see no hope for it, but you must go.' I said, somewhat abruptly perhaps, and not very elegantly, 'Then, for God's sake let us know what we are to do, let us know where we are, do not let us live in a fool's paradise believing in our perpetuity of relationship as British citizens.'" (R., p. 443.)

The President replied by assuring him that such were not the views of the majority of Members of Parliament or of thoughtful men, who generally agreed that "we ought more closely to recognise these Colonies, because of the trouble and difficulties that they have had to undergo."

Preferential trade mooted by Griffith and Hofmeyr.

But this was not the occasion on which Mr. Hofmeyr, the leader of the Afrikaner Bond,¹ left a decisive mark upon the Conference. For that the time came nearer the end of the session. In the index to the official report the sitting of May 3rd is described as having been concerned with "trade questions; negotiations on behalf of Colonies with Foreign Powers on trade questions." Yet the substance of the first part, thus concealed in the generic vagueness of "trade questions," could have been specifically defined—had the official editors either desired to direct attention to this portion or themselves had realised its coming importance—more briefly than that of the second. "Preferential trade" may be a phrase of later origin; but "differential duties," the expression actually used in the debate, would equally have served the purpose of the index.

Mr. Hofmeyr has come to be generally credited

¹ The Afrikaner Bond was formed about 1877; cf. S. J. Du Toit's *Rhodesia*, p. 11. He describes how the original motto was "A united South Africa under its own flag"; subsequently modified into "A united South Africa under British coast protection." The modified ideal has been attained.

with having been the first statesman to raise the question of commercial Preference in the Imperial Conference. In point of fact, however, that distinction belongs rather to Sir Samuel Griffith, whose seniority gave him precedence at the Conference, and whose actual proposal tallied more nearly than Mr. Hofmeyr's with that which Mr. Chamberlain subsequently adopted. Taken in conjunction, the terms of the two proposals, which had been submitted without collaboration, touched the vital points of the Imperial problem more nearly than even their authors, and much less the audience, may have realised at the time, besides bearing directly upon the question of the "basis" of Imperial defence.

Sir Samuel Griffith's proposal assumed that the unity of the Empire could be consolidated and maintained by "adding to the existing bonds a definite recognition of the principle that Her Majesty's subjects, as such, have a community of material interest as distinguished from the rest of the world." He did not realise, apparently, that he had raised the question, not of adding another bond, but of creating *the* bond, the conscious economic inter-dependence which is the vital principle in organic communal life, and in default of which States or Empires are preserved from disruption only so long as external pressure, controlled from outside, happens to act the part of the missing internal tie. Mr. Hofmeyr, again, advocated a certain system of Preference primarily as an expedient for financing Imperial defence. But he hardly realised, perhaps, that the connection between Imperial defence and an Imperial trade system was more intimate than the relation of treasury to executive; though he came near it when he declared that if his scheme were impracticable Imperial Federation could never be achieved. If economic inter-dependence is indeed the

Economic
inter-de-
pendence
vital to
unity.

vital principle of the tribal, municipal, national, Imperial, or any other form of political community, it would follow in theory—and has so proved in practice—that the lack of an Imperial trade system tends to embarrass the conduct of an Imperial foreign policy, by promoting divergency of economic interests within the Empire, and thus discourages the idea of joint defence which postulates identity of interests.

In the speeches of the two protagonists, together with the brief discussion they evoked, most of the points were raised which have become so familiar to the succeeding generation. Sir Samuel Griffith would not “venture into the deep waters of Free Trade and Protection”; though his remark that “we are all familiar with the arguments about those systems” was decidedly more true of the Colonial than of the British representatives. He was content to suggest that after all a fiscal policy was only a means to an end, “the end being the prosperity of the country to which we belong”:

Griffith
on Prefer-
ence.

“I submit the question for discussion, because I believe . . . that material interests have a very great deal to do in keeping a country together; and it would never be suggested, I think, that England should treat the people of France on precisely the same terms as she would treat the people of Scotland. In all matters except those relating to this question of trade that principle is entirely recognised. We do give advantages to our own people that we do not give to foreigners. But in consequence of the prevalence of doctrines in England, which I believe are not recognised in any other country, other rules are adopted in questions of trade; and some people really seem to think that it would be sinful—morally wrong—to adopt any principles other than those of universal philanthropy when you come to deal with foreign nations in questions of trade. This is a subject, I

venture to submit, from which questions of philanthropy should be most especially dissociated. I contend that the same principles ought to be applied in dealing with foreign nations in matters of trade as are applied in dealing with foreign nations from any other point of view. A man's first duty is to his family, and then to his country; and by country I mean it in the largest sense—the whole British Empire; the first duty of every one of us in every country in the Empire is a duty to the Empire before our duty to any foreign country. That perhaps is not the highest position that could be taken up. Some day, perhaps, human nature will advance so far that we shall regard all mankind as so truly a brotherhood that we shall no longer have any feelings of rivalry with foreign countries, and it will not be necessary to take any steps to protect ourselves against them. But in the meantime, while other countries do not recognise that doctrine, and while we do not ourselves do so, though we may profess to do so, it is desirable that we should give practical effect to the principles that we hold by giving material advantages to the people of our own kith and kin. I believe that doing so would tend in a very large degree to maintain and strengthen the feeling that we are all one nation, and would tend in many ways to bring about a stronger union than can now be said to exist." (R., p. 463.)

The special feature of his proposal was that, like Mr. Chamberlain's subsequently, it left each fiscal unit of the Empire entirely free to arrange for itself on what classes of goods, if any, and on what scale, it would levy import duties. In this respect it differed from Mr. Hofmeyr's, under which, though existing fiscal systems were otherwise left intact, each country was to levy an uniform duty on foreign imports.

Each unit
to arrange
its own
tariff.

Mr. Hofmeyr, who followed, said that since his proposal had been misunderstood he would restate it thus:—

“The feasibility of promoting a closer union between the various parts of the British Empire by means of an Imperial Tariff of Customs to be levied, independently of the duties payable under existing tariffs, on goods entering the Empire from abroad, the revenue derived from such tariff to be devoted to the general defence of the Empire.” (R., p. 463.)

Hofmeyr
on Prefer-
ence.

The speech in which he developed this idea is of so great an interest, having regard to after events, that it seems desirable to resuscitate large portions of it from the oblivion of the Blue Book :

“I have taken this matter in hand with two objects; to promote the union of the Empire, and at the same time to obtain revenue for purposes of general defence. Everybody will acknowledge that the British Empire is the most unique that the world has ever seen. It is spread . . . piecemeal all over the globe, the different parts being separated by thousands of miles of sea or of foreign territory. In an Empire of such a nature one must expect that territorialism will arise, that local interests will make themselves felt, and that those local interests will act as disintegrating tendencies. We have had one instance of the kind before us only the other day. The West India Islands have local interests separate from those of Great Britain. The West India Islands have sugar to sell. Under the present treaty arrangements of the Home Country, they cannot sell that sugar profitably in the British market. Consequently they have looked across the stretch of sea which separates them from their neighbours of the United States and have tried to find a market there. The United States were prepared to give them a market, but on account of other treaties and obligations of the Empire they were not allowed to avail themselves of the almost unlimited market in the United States. Now, obtaining a market in the United States means prosperity to the sugar planters in the West Indies, and not obtaining a market . . . means poverty. . . . When one’s

loyalty and one's attachment to the Empire are thus divided against one's self-interest, it is only reasonable to expect that one's attachment to the Empire is very likely to suffer. Therefore, I was not astonished to hear that in the West Indies there was a feeling arising among the sugar planters and spreading . . . to other classes of the community, in favour of annexation to the United States if they could obtain it; and that this feeling would spread much faster if it were not that the United States themselves, for domestic reasons, do not want to annex the West India Islands.

"Now this West India Islands case does not stand by itself. . . . Not very long ago, Canada, not quite satisfied with her market within the Empire, negotiated with the United States for a differential customs tariff between herself and the United States, and I was rather surprised to hear that for a number of years such a differential tariff . . . was actually in existence. To be sure subsequently it lapsed, not on account of any interference by the Imperial Government, but on account of the unwillingness of the United States to continue that Treaty. Why a privilege was accorded to Canada which is withheld from other parts of the Empire, I cannot understand. But other Colonies also are going to make the attempt. For, Sir Francis Bell will follow me by-and-by with a proposal that the Australasian Colonies should also be allowed to enter into differential customs treaties with foreign countries, in order to obtain for Australasian produce abroad far more favourable terms than it can at present command.

"In cases of this kind, of course, the Imperial Government can either concede the liberty of entering into differential tariffs, or can refuse such liberty. Now, if it refuses, a feeling of dissatisfaction is aroused, by which the unity of the Empire is likely to suffer; but, on the other hand, I almost fear that if the prayer for liberty is accorded, the unity of the Empire would run the risk of suffering quite as much.

"Now, this Conference has devoted a very considerable part of its time to matters of defence, and we have

done something; but I take it upon myself to say that, from an Imperial point of view, the proceedings . . . in connection with . . . defence cannot have been perfectly satisfactory. What have we arrived at? Simply this: that the Australian group of Colonies will pay a certain amount annually towards the support of a few ships in their own waters. But what has the rest of the Colonial Empire done towards the maintenance of the Imperial navy? Nothing at all. The Cape has not agreed to do anything; Canada has not agreed to do anything; and none of the other Colonies have agreed to do anything, for reasons which I think are weighty, and which this Conference will not overrule. At the same time it is admitted by some high naval authorities . . . that the British fleet is not quite so strong and powerful as it ought to be, in view of the tremendous interests that it has to protect, when compared with the French and German fleets, and having regard to the limited interests that they have to protect. Supposing that the Imperial Government were to find by-and-by that it required very considerably greater assistance from the Colonies towards the maintenance of a fleet and of the army than it has obtained hitherto, I doubt very much whether you would find that a system of subsidies would answer in the long run. You would in that case find very soon that the principle of representation would be asserted by the Colonies. The system of subsidies, if developed to any extent, would practically amount to a tax, and where you have a tax, the people who bear the tax sooner or later ask to be represented. In other words, you might find a system of political federation brought to the fore, a system which, however much we may incline in that direction, would, we must all agree, present tremendous difficulties. . . .

“Therefore, taking into consideration the necessity that the British Empire should have some other consolidating force in addition to mere sentiment, that it should have the force of self-interest, that at the same

time something more might have to be done for the defence of the Empire than has been done hitherto, that greater contributions might be required from the Colonies than have been paid hitherto, and that then the Colonies would not be prepared to pay it in the form of subsidies, but might not object to some indirect taxation, which practically admitted their right to greater fiscal privileges within the Empire than are accorded to foreign powers, I have, following the hints that I have seen in the public newspapers from time to time, formulated this subject for discussion. I have simply formulated it to draw attention to it, and to solicit an interchange of opinion upon it, for I no more believe that my proposal could be carried into effect immediately than Sir Samuel Griffith believes that immediate effect could be given to his.

“The scheme which I wish to lay before the Conference is one which would promote a closer fiscal union between the various parts of the Empire, which would procure revenue for Imperial purposes, and which at the same time would leave the various fiscal tariffs of the different parts of the Empire, of the Colonies as well as of England, untouched.

“I will give some figures to show how this plan might work in practice. . . . I find that the total imports into the United Kingdom from foreign countries in 1885 amounted to £286,000,000. The total foreign imports into the Colonies . . . would amount to £66,000,000. The two together would give £352,000,000, representing the imports of foreign produce into the whole of the Empire. Now supposing that we were to levy an average rate of 2 per cent. all round (the tariff might be arranged so that one class of goods should pay more than another), that £352,000,000 . . . would give a revenue of not less than £7,000,000 . . . which would pay for a considerable part of the British fleet. It would relieve the Colonies from the payment of subsidies, and at the same time . . . it would be paid by Great Britain, too, of course. I do not know whether Great Britain

would feel it or not, but the Colonies would not feel it, and it would establish a feeling on their part that while they were paying for the defence of the Empire, they were at the same time enjoying in British markets and in intercolonial markets certain advantages which foreigners did not enjoy. That would establish a connecting link between the Colonies mutually, as well as between the Colonies and the Empire also, such as is not at present in existence, and which might further develop by-and-by into a most powerful bond of union." (R., pp. 463-5.)

His foresight and its limitations.

Thus Mr. Hofmeyr foresaw that one day the British Government would look to the Colonies for a larger measure of naval assistance, and foresaw that a system of subsidies without representation would not be found practicable. He foresaw, further, that if reciprocal Preference were not soon established the divergence of economic interests would be aggravated, and with it the tendency towards political separation. Only, while perceiving these conditions, he hardly seems to have anticipated that the disjunctive tendency would develop to the extent of permitting a separate national consciousness to acquire supremacy even in the most British of the larger Colonial groups; with the result that Britain's appeal for naval help would evoke, not a demand for federal representation, but a proposal to create Dominion navies on terms of international alliance, which by nature is temporary, rather than of organic unity.

Mr. Hofmeyr defended his proposal at some length against a series of anticipated objections, most of which have since become staple subjects of party controversy in Britain. He pointed out that the principle of "differential duties" had already been sanctioned by the British Government, which had by statute allowed the Australian and South

African Colonies to foster by this means their inter-colonial trade, and, in the South African instance, even their trade with foreign countries, *i.e.* the adjacent Republics.¹

“We may be told, thirdly, that it means Protection. Well, it may come to mean Protection by-and-by. If the system should be introduced it will depend very much upon the representatives of the Colonies . . . and of the United Kingdom whether it should be extended so far as to become protective in character or not. For the present, however, I do not aim at Protection. I aim at something that shall supply a cohesive force to the Empire, and shall at the same time provide revenue for defensive purposes. It may even be that in the course of years this system may, instead of proving a protective tariff, lead to absolute free trade as between the Mother Country and the Colonies. If the various representatives . . . should agree that there should be only one tariff, an Imperial tariff, and no local tariffs, you would have a Zollverein which involves perfect free trade between the various parts of the Empire.

First step
to Zoll-
verein.

“We may be told, fourthly, that it would revolutionise the fiscal system of England. England nowadays obtains a revenue of some £20,000,000 from Customs. But that revenue in 1885 was levied upon imports amounting to only £28,900,000, whilst articles free of duty were imported to the value of no less than £342,000,000. If the plan I have sketched were to work, the bulk of the articles imported into England should be taxed, however low the tax may be, or else some Colonies might complain that they enjoyed no reciprocal advantage under the scheme. If England were to favour some classes of imports, produced by certain Colonies, but not those produced by other Colonies, the plan probably would not work. If, for instance, wheat, which is a Canadian and Australian staple article, did not obtain this ad-

Even-
handed
Prefer-
ence.

¹ R., p 466.

vantage, then Canada and Australia would hardly see the use of entering into the proposed arrangement." (R., p. 466.)

Here again Mr. Hofmeyr's forecast was impaired by his failure to anticipate the growth of the national idea in the several Dominions. On the principle which is gradually shaping the modern Imperial Conference, *i.e.* equality of national status, it would be as difficult for (*e.g.*) Australia to insist that Britain should tax any particular article as for Britain to make a like demand upon any of the Dominions.

Another probable line of objection, Mr. Hofmeyr anticipated, would be that the proposed Imperial tariff would lay yet another burden upon the overburdened British taxpayer :

Benefit to
British
taxpayer.

"I believe that it would not lay additional burdens upon the British taxpayer, but that on the contrary it would relieve the British taxpayer of some of his burdens. The British taxpayer has at present to pay for the maintenance of the army and navy, single-handed, alone, by himself. Under my plan he would share that burden with the Colonies, and he would know at the same time that whilst he contributed something under the heading of a new tax, he at the same time obtained a better market for his industry in the Colonies." (R., p. 467.)

Should foreign countries attempt to retaliate, by increasing the duties they already levied on British imports, the effect would only be, he argued, to accelerate the tendency of the British export trade, as proved by the statistics, to make up in Colonial markets the ground lost in foreign markets.

Uniformity
a diffi-
culty.

Another objection might be this; supposing that this plan is adopted, how are you going to work it? Is it to be a voluntary or a compulsory system? Of

course coercion would be out of the question. But supposing that some of the Colonies refused to come in, and that other Colonies did come in, is England going to levy a differential tariff as against the recalcitrant ones, that is, against some of its own Colonies? . . . This, I believe, is one of the most serious objections which might be raised. But most of the difficulties in the way of great movements are overcome as you go along, and the possibility is that if the plan should work, and that if the Colonies should find that there is really a very great advantage and benefit to be derived under the scheme, even the last one would come in, and there would be none left outside. Then if all these difficulties are overcome, you would require some body with legislative, and to some extent also administrative powers, a body that would fix upon the amount of the tariff, and a body that might amend the tariff from time to time, either raising it or reducing it, and which at the same time, in consultation with the British Government, might have something to say about the administration of the funds. In other words, you would have a sort of limited Parliament by the side of the British Parliament and the various Colonial Parliaments. This would be a difficulty. It would be difficult indeed to limit and describe the rights and powers of a fiscal Parliament as compared with the rights and powers of the Imperial Parliament, and of the various Colonial Parliaments. But I wish those delegates who are great advocates of Imperial Federation to understand that this after all is a much smaller difficulty than you would have to grapple with if you entered into a larger measure of Imperial union or political federation. This small body which would have to be created would perhaps be the germ of an Imperial Federation afterwards; or, if it failed, Imperial Federation itself would have to be thrown overboard for good as utterly hopeless.

Fiscal path
to political
union.

“The plan . . . may perhaps not be feasible at present; but I think that a great deal will be gained if the attention of the Imperial Government and

Parliament, and of the Colonial Governments and Parliaments, be directed to it. If no attention were directed to it, if it were not discussed, we should find that the difficulties standing in the way of an Imperial fiscal union, instead of decreasing in number, would become greater and greater. If there are treaties standing in the way, those treaties, instead of lapsing, in course of time would be renewed, and other treaties would be added to them, increasing the looseness of the Empire instead of promoting its solidarity. . . ." (R., pp. 467-8.)

General
agreement
of the
delegates.

A deep impression was made upon the Conference by this exhaustive and masterly address. It is interesting to note that Canada, the destined pioneer of Imperial Preference,¹ took no part in the discussion; perhaps because her delegates, though present, were strictly limited by their instructions to specific matters. But the representatives of Newfoundland, Natal, Australia, and New Zealand all spoke appreciatively; excusing themselves from detailed comment upon the ground that Mr. Hofmeyr had left them nothing to say. Sir John Downer (S. Australia) believed that "self-interest was the motive in bringing about Free Trade," and that self-interest was destined to upset it in no distant future. Sir William Fitzherbert (N.Z.) concluded, "If we are to draw closer the bonds on union this matter of the trade relations of the Empire is of fundamental importance, and one with which we must attempt to deal." Mr.

¹ Shortly before his death Sir John Macdonald wrote to a friend: "I agree with you that we should have a Reciprocity Treaty with England. Years ago (in 1879) I, with Sir Leonard Tilley and Sir Charles Tupper, made a proposition to that effect, while we were on a visit to London. The difficulty is that no English statesman has yet mustered courage to take up the question. Lord Salisbury will probably go to the country next summer, and, if successful, I shall renew the proposal. We can hope nothing from Gladstone, so we must watch events." (Pope's *Sir John Macdonald*, ii. p. 219.) Cf. Canadian Sessional Paper, No. 105 of 1880, instructions to first High Commissioner (Sir Alexander Galt).

Service (Vic.) may be quoted in order to show how rudimentary the consideration of the problem hitherto had been :

Service—
“a new set
of ideas.”

“To take the first point that occurs to my mind, I must say that whilst the question of a common tariff throughout the whole Empire has been mooted again and again, it has always seemed to me impossible, probably because I did not think it out. I knew it was impossible for the Australian Colonies, for example, or for Canada to accept the principle of commercial intercourse which exists in England. But, Sir, I must confess that a remark which fell from Sir Samuel Griffith the first or second day after we came here, awakened a new set of ideas in my mind; and that was that it was not necessary that all the component parts of the Empire should have the same tariff in order to carry out this idea; that is to say, that if you place a differential duty as between the Imperial products and the foreign products it would not matter what the precise local tariff happened to be. I never looked at the matter in that light before, but I have thought about it a good deal since, and I must say it appears to me at present that there is a great deal in that point.” (R., p. 471.)

Mr. Deakin began by mentioning that the Victorian delegates had not, of course, consulted with their Government upon this particular issue. But as representative of a Colony which was “Protectionist and proud of being Protectionist,” he had no hesitation in expressing an opinion; and his opinion was sagacious enough :

Deakin—
A question
for Britain
to decide.

“I believe that there is a strong feeling that this is one of the best, and one of the few means of drawing closer the bonds of unity . . . even without any political body such as Mr. Hofmeyr in his last remarks referred to. I believe it would be seen to be such a powerful agent in uniting us together, that the people of Victoria would agree with una-

nimity and enthusiasm to join in carrying out any such proposal. That, Sir, is my personal opinion.

“The question, however, appears to me (and that is why it is not a very practical question for the Colonies to discuss) to be one really for the English people, and not for the Colonies; and so far as I can judge, until a very great change indeed comes over the manner of regarding fiscal questions in this country (a change which may come sooner than we anticipate), it is almost idle for us to raise the issue. . . . I agree with Mr. Hofmeyr in believing that one of the strongest of the ties that can unite the Colonies or peoples together is the tie of self-interest, with all the other ties which flow from intimate commercial relationship in the way of intercourse and association. All that the Australian Colonies fully recognise, and would gladly take their part in any movement for a common Australasian tariff; or better still (and that perhaps might be brought about by-and-by) an Imperial tariff, which would not only demonstrate the unity of the Empire, but assist to make it a potent reality.” (R., p. 473.)

Resolution
on Prefer-
ence de-
sired by
Natal.

Mr. Robinson (Nat.) described the scheme as the “only concrete proposal which has been brought before this Conference, bearing directly upon the unification of the Empire,” and urged that the Conference “should put forth some definite expression of opinion” in support of it. To which the President replied :

British
Govern-
ment de-
precates
resolutions.

“I think it was understood that we were not to have resolutions. We are met here to discuss these questions . . . all that has been said will be laid before Her Majesty’s Government for their full consideration. But it has been agreed that it might be awkward for the Colonial Governments if the delegates were to tie themselves to any resolution. The mere fact that one Colony, and an important Colony, has considered that this question is out of the limits

of discussion which were laid down in the circular of Mr. Stanhope, will of itself be a sufficient reason for hesitating before proposing any such resolution." (R., p. 474.)

Thus the British Government were able to find plausible reason for postponing yet awhile a definite answer to the momentous proposal of the daughter States, embodying the principle on which depended the ultimate rescue of the mother country from the dangers already beginning to gather round her.

The present chapter was to deal with the "basis" of contribution. It began by asking "on what principle of division," this being the question raised by the actual proceedings. But Mr. Hofmeyr, and he alone, succeeded in giving the only answer that could ever be final. He himself was destined to live long enough to read of one of his co-representatives at the first Conference recalling and partially reviving his proposal at another session twenty years later. And it is difficult to imagine that the President and his colleagues of the British Government could have failed to feel, in listening to Mr. Hofmeyr or reflecting upon his proposal, that in something of this kind lay the only escape from the insoluble difficulties of apportionment which they had been forced to discuss. In an organic Empire defence would be a question not of division but of union; and the simplest method of contribution would be an Imperial Customs tariff.

Imperial
defence a
question
of unity
not
division.

CHAPTER III

SUBSIDIARY QUESTIONS

COLONIAL
COM-
MERCIAL
TREATIES.

IN recent years the policy pursued by Canada has attracted much attention to the principle involved in separate commercial treaties between individual countries of the Empire and foreign countries. This question was the subject of an animated discussion in 1887, following immediately upon the Preference debate. The text was a paper handed in by Sir Dillon Bell, the Agent-General for New Zealand, who desired to bring before the Conference

“the expediency of extending to the Governments of Australasia the same privilege which has been repeatedly granted to Canada, of entering into negotiations with foreign countries, under the sanction of the Foreign Office, and in concert with Her Majesty’s Ambassadors or Ministers at other Courts, in matters of trade and commerce.” (R., p. 475.)

“Without referring to transactions of an earlier date,” he mentioned that in 1878–9 the Canadian Government had desired to negotiate a commercial treaty with France. Accordingly Sir Alexander Galt, the Canadian High Commissioner in London, who had already been charged with a similar mission to Spain, was formally accredited by Lord Salisbury to the British Ambassador at Paris. The Ambassador was to undertake the negotiations, but the Canadian representative was empowered to settle details. Since that time several Postal Money Order Conventions had been entered into with foreign countries by

Canada and other Colonies; and at the International Cable Conference of 1884 Sir Charles Tupper, who had succeeded Sir Alexander Galt, "signed the Convention on behalf of the Dominion in the same way as the representatives of other contracting Powers." More recently, when Canada had decided to reopen negotiations with Spain, Sir Charles Tupper had been granted "joint plenipotentiary powers with the Ambassador at Madrid."¹ The immediate motive for now bringing the matter up was that New Zealand and other Australasian Colonies might secure a market for their frozen meat, then a newly-established trade, in Paris and other parts of France. There was a prospect, preliminary inquiries having been made by Sir Dillon Bell, that if the Colonies could offer reciprocal tariff concessions to France they might obtain, not only a reduction of the heavy import duties on meat, but preference against their Argentine competitors.

Sir Dillon Bell (N.Z.) explained that he had refrained from taking any part in the general discussion of trade, especially Mr. Hofmeyr's proposal (although Sir William Fitzherbert (N.Z.) had participated), because it seemed to be trenching on the forbidden ground of Imperial Federation. A brief dialogue ensued which illustrates the feeling at that time on the fundamental question :

"*The President*—I think we have kept very clear of the question of Imperial federation in this discussion.

Political or
commercial
federation?

"*Sir F. Dillon Bell*—I trust with all deference I may be allowed to say that it seems to me a discussion of Imperial trade questions must be one of the very first steps in any discussion on Imperial federation.

¹ For Sir Charles Tupper's account of the political and commercial importance of this episode, see Appendix A. to this volume.

"The President—Certainly.

*"Sir F. Dillon Bell—*In fact we could not talk about Imperial federation without talking first about commercial federation.

*"Mr. Deakin—*We can have one without the other; we can have Imperial federation without commercial federation, and commercial federation without Imperial federation.

*"Sir F. Dillon Bell—*You may possibly have commercial federation without Imperial federation, but I do not think you will ever have Imperial federation without commercial federation first.

*"The President—*It is upon that first point that I have been proceeding, that you might have commercial federation without Imperial federation; but at the same time I agree with Sir Dillon Bell that if Imperial federation is discussed commercial federation will enter into it." (R., p. 477.)

Bell claims;
treaty
powers for
N.Z.

In these circumstances Sir Dillon Bell attached the more importance to his present proposal, which aimed at securing a trade advantage for the Colony, "as it seems to me without any possible harm to any British interest." He therefore invited discussion of his proposition, which the President formally placed before the meeting:

"The privilege may be stated to be that Colonial Governments should be allowed to negotiate commercial treaties with Foreign Powers under the direction and supervision of Her Majesty's Ambassadors at Foreign Courts." (R., p. 479.)

Proposal
opposed—
"anti-
thesis" of
commercial
unity.

Mr. Service (Vic.) objected that the policy contemplated would complicate intercolonial trade by adding to the existing confusion of tariff arrangements; and suggested that the question should rather be considered "in the light of having a dominion in Australia similar to what we have in Canada, and then authorising it to make treaties." Sir Dillon Bell

replied, and his colleague supported him, that they were looking forward to the day when all the Australasian Colonies would be joined in one political and commercial federation, but that in the meantime the new arrangements contemplated would not differ in kind from those already in force. A very different view was taken, however, by the protagonists of Imperial Preference. Sir Thomas Upington (C.C.) looked upon the proposal with "great suspicion" as likely to provoke conflicts of both commercial interest and political authority, which ought to be strenuously avoided. Sir Samuel Griffith (Q.) described it as "the very antithesis of the proposition that was discussed here this morning":

"To propose to allow any Colony to make a Griffith's criticism. treaty which would have the effect of favouring foreigners at the expense of the rest of the British nation seems to me to be tending in the very opposite direction to that of unity. In the particular instance in which Sir Dillon Bell desired to apply this principle, if it is applied the effect will be to give the French preference over the English in New Zealand. I venture to hope that the French will never have a preference over the English in trade matters, or in any other matters, in New Zealand, or in any other part of the British community. I can perfectly see the apparent immediate advantages to be gained; but certainly the ultimate result must be that, if all or many of the Colonies did what Sir Dillon Bell proposes that they should be allowed to do, there would be seeds of disunion sown to an extent that it would be quite impossible to calculate, and it would become quite impossible, in the sense of being hopelessly impracticable, to attempt to bring about any general union of trade interests. So that I hope the New Zealand Government will consider the matter very fully before they press it upon Her Majesty's Government. I think, too, that the reasons

which Sir Thomas Upington gave are very weighty indeed, that if a Colony had power to make a treaty of this kind with the sanction of the Imperial Government, they would be continually insisting upon getting that sanction, and if they did not get it there would be a perpetual sore and grievance, and that would be another cause of disunion." (R., p. 480.)

Hofmeyr
also objects
to treaty
powers.

Mr. Hofmeyr took, of course, a similar view :

" Sir Dillon Bell proposes . . . that in certain parts of the British Empire foreign nations should have advantages over other parts of the British Empire. This, I take it, is not the way to promote the unity and solidarity of the Empire, but rather the reverse. Supposing that when the American Union was established, each State had had the right of making its own fiscal arrangements, having at the same time the right of entering into treaties with States outside the American Union, I wonder what would have become of the American Union. It would have entirely gone to pieces. And yet . . . when New Zealand can find a market for its products in France in the same way as the West Indies can . . . in the United States, it seems a somewhat harsh measure to refuse such a right. . . . If you refuse the right, you create very great dissatisfaction, and people begin to ask : What is the use of belonging to the British Empire ? If you grant the right, you just as effectively promote disintegration of the British Empire. All this points to the conclusion that there is only one way out of the difficulty, and that is the way which has been advocated by Sir Samuel Griffith and myself." (R., pp. 480-1.)

Canada
silent.

The President sought the opinion of Canada ; but Sir Alexander Campbell was absent, and Mr. Fleming not being " in any way authorised by the Canadian Government to speak upon this subject " would take no part in the discussion. Mr. Deakin pointed out that there was a vital difference in principle between

Deakin
prefers
Preference.

promoting trade within the Empire and promoting the foreign trade of any part or parts of it without regard to the interests of the whole, and concluded :

“ All that we have to do is to assert the principle upon which, at all events, we appear to be unanimously agreed, that in our view the preferable course to be taken in all matters of fiscal arrangement would be on the lines suggested by Mr. Hofmeyr, which would draw the Empire and its parts closer together, and not on the lines which would either keep or perhaps force them apart.” (R., p. 484.)

The New Zealand delegates, it should be noted, are not reported as having said that they contemplated the possibility of giving preference to foreign countries ; but neither are they recorded to have disputed that assumption when their critics made it. “ In deference to the adverse opinion ” that had been expressed, Sir Dillon Bell withdrew his proposal.

A vital question was that of the continental Sugar Bounties in their effect upon the sugar-producing Colonies of Queensland, New South Wales, Fiji—in which Australian capital was heavily interested—Natal, Mauritius, and particularly the West Indian Colonies, with British Guiana. A similar issue had arisen in Newfoundland, where the French cod-fishery was being subsidised with bounties. Mr. (afterwards Sir) Nevile Lubbock, at that time chairman of the West India Committee, attended by invitation, and stated the case for the West Indies in a paper which was read and circulated. The sugar industry, he pointed out, was carried on in India as well as in the Colonies. Already very large, it was capable of “ almost indefinite expansion.” Being not only an agricultural but also a manufacturing industry, requiring great knowledge and skill, it provided profitable and highly educative employment for both white mechanics and

N.Z.
motion
withdrawn.

SUGAR
BOUNTIES.

Denounced
by Lub-
bock for
W. Indies.

coloured labourers. But during the last four years the industry had been passing through a grave crisis. Entirely owing to the competition of bounty-fed beet sugar in the British market, the price of sugar had fallen by 40 per cent. The annual bounties aggregated over $7\frac{1}{4}$ millions sterling (France contributing over $3\frac{1}{4}$ millions) and represented about £3, 10s. a ton out of a price in the British market of about £12 a ton. It had been argued that

“England profits by the reduced price of sugar caused by the bounties, and that this being so, it was no concern of hers if our Colonies were injured.”

Bounties
no benefit
to Britain.

He disputed the profit; contending that the indirect loss to the British working classes through the diminished purchasing power of the Colonial industry would outweigh the direct gain in cheaper sugar. Nor could he admit the doctrine abnegating Imperial responsibility. In conclusion he hoped that the Colonial representatives would “agree in representing to the Government”:

“(1) That the maintenance of the sugar bounties is injurious to a large Colonial industry.

“(2) That justice to our Colonial industries and trade should be no less an object of our Government than justice to home industries and trade.

“(3) The hope that Her Majesty’s Government will spare no effort to bring about the abolition of a system so destructive of sound and healthy competition.” (R., p. 385.)

Representatives of other sugar-producing Colonies made supplementary statements. Mr. Jourdain alluded to the relief Mauritius obtained in having a market in India, and in the silver currency which enabled planters to meet their outgoings in silver while selling their produce at gold prices in Europe. He urged that from an Imperial standpoint consideration was due to

Imperial
responsibility.

the large populations of Indian and African labourers who had been brought into various Colonies for the purposes of the sugar industry and who depended upon it for their livelihood. Sir Patrick Jennings threw an interesting light upon the fiscal policy of free-trade New South Wales :

“A duty was first imposed in the Colony of from ^{Fiscal} £4 to £5 per ton for revenue purposes. That, of ^{heresy} course, now that we produce sugar, is indirectly in N.S. W. a protective duty; but I think that the strongest Free Trader in the Colony would scarcely attempt to remove that duty. . . . New South Wales does not produce more than about half enough for its own consumption. It is, therefore, a large and growing industry with us.” (R., p. 402.)

A lively interest was displayed by Mr. Hofmeyr and others in the efforts which had been made by the West Indies to obtain a market in the United States. A treaty had been drafted under which West Indian ^{W. Indies} sugar would enter the United States free of duty, in ^{seek aid} return for reductions of West Indian import duties on ^{from} American goods. But the treaty had been vetoed by ^{United} the preceding (Liberal) Government; on account, first, ^{States} of a provision it contained that the produce concerned should be carried in the shipping of one or other of the contracting parties, and, secondly, of the most-favoured-nations clauses, although the very countries adducing this objection were those which had by their bounties deprived the West Indies of their natural market. It may be noted that the “annexation” movement to which Mr. Hofmeyr alluded in his great speech on Preference is not referred to in the report of this discussion. Either the references were suppressed or the West Indians had mentioned the matter in private to their fellow-delegates from other Colonies. But already, it appears, the West Indies ^{and from}

Canada.

had begun to think of succour from Canada. Sir Alexander Campbell said :

“Six or seven years ago there was a deputation from the West India Islands to Canada on this very subject with the view of establishing reciprocal trade. I do not think that there was any objection introduced on the part of Her Majesty’s Government ; but the members of the deputation did not desire that this reciprocal free trade should go beyond Jamaica, and are (*sic*) not willing that it should extend to the other West India Islands ; and I think the negotiations broke off upon that point. I was a member of the Government who saw the gentlemen from the West Indies.” (R., p. 389.)

Sugar
Bounties
Committee,
1880.

A Committee of the House of Commons had, the President reminded the Conference, been appointed as far back as 1880 to consider the question of bounty-fed competition. Its conclusions had been that the bounties were injurious not only to the Colonies but to Britain, having almost extinguished the loaf-sugar refining trade ; that “immediate” steps ought to be taken to stop the system ; and that in any future commercial treaties the Government should reserve a free hand to impose countervailing duties in the last resort. On behalf of the Foreign Office Sir James Fergusson now explained what had happened since. The Committee’s report had encouraged the victims to renew their representations. The correspondence had extended over three or four years, only to be closed

The Free-
Trade
fetish.

“by a letter of the Board of Trade on 12th August 1884, in which the Board of Trade, speaking on behalf of Her Majesty’s Government, declares its inability to do anything whatever, because the imposition of a countervailing duty in the last resort was put forward as a necessary element in any effective diplomacy.” (R., p. 403.)

But the new Government had taken up the matter in the previous autumn, approaching the bounty-paying Powers with a view to a conference. Several of them had intimated their willingness, but were procrastinating with requests for further information :

“They grant the bounties because they think they can by those means most profitably compete with us and naturally they are a little slow to confer with the direct object of doing away with that which they have commenced for their own gain. Therefore, they view with some suspicion our efforts to relieve ourselves of a system which operates against us ; just as, when we have adopted an entirely Free Trade policy, the foreign Governments do not listen to us very readily when we complain of their maintaining protective tariffs.” (R., pp. 386-7.)

The Colonial delegates were unanimous in agreeing with the three propositions put forward by Mr Lubbock, who had now left the room. Some of them, however, thought that they were too self-evident to be worth confirming, and that the only practical thing to do would be to pronounce in favour of countervailing duties, the mere threat of which would, it was suggested, have more effect in getting the bounties abolished than any amount of impotent protestation. Among those taking that view was Mr. Service (Vic.), an “avowed Free Trader” :

Pious protests futile.

“I had at the first glance an instinctive feeling that there was something wrong in our industries being crushed by the policy of the Continental Governments in paying bounties. But then came in the question, was not it the Free Trade principle that we should receive from any part of the world . . . products . . . at the cheapest possible rate at which we could get them ? I think this is a phase of the question that ought to be thoroughly discussed, because I venture to say that the difficulty on the part

The fetish,

of the gentlemen who have been here to-day will be largely increased from the fact that not only is England a Free Trade country, but the greater part of her working men are saturated with the idea of Free Trade, which, to the present generation at all events, is a mere phrase, the true and logical meaning of which they have hardly thought out. There will, I think, be very great difficulty in overcoming that inertia, and that will prevent this movement taking shape so rapidly as it otherwise would do.

Bounties
an un-
natural
handicap.

“My view of Free Trade has always been this: that a Free Trade country will avail itself of the products of every other country at the price at which the article can be produced in that country, subject only to two handicaps. The first is the natural handicap of the geographical position, which, of course, handicaps a foreign product by the amount of freight, insurance, and other charges. The second is the handicap caused by the financial requirements of the locality receiving those goods, that is to say, that there must be a tariff to carry on any Government, and that tariff may affect foreign goods, although it is not put on for the purpose of protecting native industries against foreign goods. Subject to these two handicaps the Free Traders say, ‘Let us have free intercourse with the whole world.’ But this particular handicap is not one of these. I say that it is not a commercial handicap at all; it is a political handicap. . . .

Counter-
vailing
duties a
Free Trade
weapon.

“If we take Victoria as an illustration, we Free Traders there protest against the wages of our working men being artificially increased by the imposition of protective duties. I think a great many of our Free Traders would protest just as strongly against the wages of our working classes being artificially reduced by the action of other countries for political motives. . . . Therefore, I say that the proper course for us to take, whether Free Traders, Fair Traders, or Protectionists, is to recognise the fact that we have to defend our industries against this attack. . . . It

seems to me that there is no better way . . . than by the imposition of these countervailing duties. . . . I think that foreign nations are now presuming upon what we may almost call the traditional Free Trade policy, as contradistinguished from the intelligent Free Trade policy which gave England a very great start, and which . . . should still be maintained. This traditional Free Trade policy consists of Free Trade phrases improperly applied to circumstances which did not exist at the time the great question was argued out, and to which the arguments . . . would not apply. I contend that we ought not to approach these foreign Governments in the form of mere supplicants, asking them to take off their bounties. . . . I certainly would regret to see the British Government put itself in the position of begging for the establishment of this convention. . . ." (R., pp. 394-7.)

Sir William Fitzherbert (N.Z.), however, did not entirely concur in the view that the affirmation of the three propositions would be valueless :

"These propositions, no doubt, may be called truisms, but it is very often exceedingly necessary to be very careful in entering upon a new course. You begin with truisms; they are often spoken of lightly and as if they were nothing; but, in reality, it is often very desirable to recur to first principles, and announce your adhesion to them. I think this is . . . not only a wise and statesmanlike, but a philosophical way of treating these questions. . . . Great Britain is entering, and has to enter, upon a new line of thought in many respects. . . . We, as representing the various Colonies . . . have been comforted by finding that apparently a new sentiment towards us is pervading the minds of the British people . . . and we do believe that we are entering upon a new course." (R., p. 397.)

The course adopted by the President illustrates the official conception of the Conference. At first he rather deprecated the idea of the Conference passing

A defence
of
"truisms."

The Con-
ference
and resolu-
tions.

Mr. Lubbock's "unofficial" resolutions, or formally expressing any opinion. But subsequently, after the policy of countervailing duties had been more fully ventilated, he reverted to the question of procedure :

"It is stated that the bounties are ruining our sugar trade, and what I think would be very valuable to Her Majesty's Government to have would be the opinion of this meeting upon the question, whether, supposing a foreign Government cannot be persuaded to give up their bounties, we must not take some steps to guard ourselves? . . . Mr. Service has addressed his speech entirely to that point. Therefore . . . I am anxious to ascertain whether the delegates desire to instruct me that they are of opinion that, upon our failing to induce foreign countries to give up their system of bounties, Her Majesty's Government should consider whether we must not put on countervailing duties."¹ (R., p. 398.)

On that point the Colonial delegates were decided and unanimous, and so the President concluded.

POSTS AND
TELE-
GRAPHS.

Postal and telegraphic communication was one of the only two subjects definitely put forward in the Colonial Secretary's original invitation, and occupied, therefore, an important place in the business of the Conference. The postal questions were three, viz. (1) the feasibility of Imperial Penny Postage, in connection with Mr. Henniker Heaton's recent proposals; (2) the question of whether Colonies still outside the Postal Union should come into it; (3) the Australian mail contract, then in process of renewal. In all these matters the position has been so changed and improved by subsequent developments, springing from the Con-

¹ The bounty system was eventually abolished by the Brussels Convention of 1902, when Britain, rather than resort to countervailing duties, agreed to surrender the right of controlling her own tariff on sugar to a foreign Board, and to abstain from giving preference to the sugar of her Colonies. The Convention was renewed, with slight alterations, in 1907, and runs till October 1st, 1913.

ference of 1887, that the interest of the discussion is now historical only. Mr. Raikes, the Postmaster-General of Britain, opened the proceedings with a general statement. The Imperial Penny Postage idea had lately been ventilated, chiefly in connection with the impending Australian contract :

“ What the Post Office here desires is to be fortified by the views of the representatives of the Australasian Colonies upon this question ; and so far from formulating any definite policy upon the subject, I come here to-day, I think, rather to be instructed as to the views which prevail in those Colonies which are the most largely interested in the matter. (R., p. 165.)

The Conference consultative.

As to the contract itself, Mr. Raikes held that it was essentially a matter to be discussed between himself and the representatives of the three Colonies immediately concerned (New South Wales, Victoria, South Australia), though they would not wish to prejudge the question of an Imperial penny rate by tying their hands for a term of years before the Conference had completely considered the wider proposal. The rate on letters to and from Australia was at that time 6d. Out of the shilling charge on the double journey the Australian Governments received 8½d. and the British Government 3½d., including 3d. (1½d. each way) payable to the French and Italian Governments for the Calais-Brindisi section of the route. Only ½d. therefore was left to the British Government, who naturally considered that the claim for reduction rested in the first instance against the other participants. Mr. Raikes hoped that the Conference would do something to strengthen his hands in approaching, as was intended, the French and Italian authorities for a reduction of their transit charges. Meanwhile all he could suggest was that, if the Colonies felt bound to main-

Penny Postage.

tain their internal postal rate at 2d., an ocean rate of 1d. might, perhaps, be arranged *viâ* the Cape, thus making possible a through rate of 3d. at some sacrifice of speed.

Imperial penny postage is one of those achievements which vindicate Lord Salisbury's philosophic remark that "these sentimental aspirations are not separated by any so deep a chasm as people think from actual practical undertakings."¹ Mr. Henniker Heaton, having been the prime mover, was invited to attend the Conference in order to explain his proposals in person. But some of the delegates thought that the act of courtesy would be, in regard to practical results, only a waste of time :

An "impracticable" idea.

"*Sir Alexander Campbell* (Can.): I do not think that any one from the Colonies, knowing the distances which we have to go over, and the sparse population, would entertain the idea of an Imperial Penny Postage; it is impracticable."² (R., p. 170.)

Sir Saul Samuel, who had been Postmaster-General in New South Wales, argued that it was "quite impracticable," no demand for an Imperial penny rate having ever come from any of the Colonies. Moreover :

"Half the population of New South Wales consists of people born in the Colony, who have scarcely any reason for communicating at all with the Mother Country; and I believe this will be found to apply to many of the Colonies." (R., p. 173.)

Mr. Hofmeyr supported that view :

"I think that about seven-eighths of the population of Cape Colony have been born in the Colony itself; . . . and they seldom have occasion to write any except

¹ *Supra*, p. 17.

² Canada, nevertheless, inaugurated Imperial Penny Postage in 1898.

business letters. When a man has a business letter to write, whether the postage is 1d. or 6d. is hardly an element in his mind; he will write his letter. Therefore, I believe, if the postage were reduced to 1d. from 6d. it would not result in such a great increase in the number of letters as Mr. Henniker Heaton contemplates." (R., p. 178.)

Sir William Fitzherbert (N.Z.), on the other hand, thought that Sir Saul Samuel's statement was one of "the weightiest arguments that could be adduced" in favour of cheap and rapid communication between the mother country and the Colonies; and it would, he considered, have a further value in fostering trade between them. Accordingly he warmly supported the idea of the penny ocean rate. The Agent-General for New Zealand, Sir Dillon Bell, thereupon thought it necessary to warn the Conference that his colleague had no authority to commit the Government of New Zealand. Sir William Fitzherbert replied :

Fitzherbert supports penny postage.

"My colleague, Sir Dillon Bell, appealed to me as to whether I had any authority from the Government of New Zealand upon this point. I have none whatever. What I have said has been entirely an expression of my own opinion, and I thought it quite right to say that. We are here to say in a proper manner, in the best way we can, anything that we think is for the general interest of the Colonies, and it is in that sense that I speak." (R., p. 177.)

But without official instructions.

This little passage-at-arms, which was repeated later on, between the Agent-General and the specially deputed representative, illustrates not only the immediate tendency of the Conference to become a purely inter-Governmental affair, but also an equally natural instinct of self-assertion on the part of the Agents-General, which has caused their Governments, especially in Australasia, to watch them with some

Conference only quasi-official.

jealousy, and so to look askance at proposals for enlarging the functions of these officials in connection with Imperial organisation. Mr. Service (Vic.) likewise did not shrink from expressing in one or two instances a personal opinion.

Mr. Deakin wished to approach all these questions from "the Imperial point of view"; but hard necessities had compelled the Australian Governments to consider it in relation to revenue. Even with their internal rate at 2d. all the Colonies were suffering heavy deficits—in Victoria amounting to £100,000 a year—on their post and telegraph services. Natal alone had already lowered the internal rate to a penny, and Mr. Robinson testified that the reform had worked "exceedingly well," not entailing the loss upon the revenue which was generally supposed. He was sanguine that before many years were over the Imperial scheme would no longer be regarded as impracticable. For the present, however, the members of the Conference were sufficiently unanimous in so regarding it.

Penny
Postage—
Natal
leads.

The Postal
Union.

The International Postal Union had declined to allow the British Colonies individual votes, although this privilege had been accorded to such petty independent States as Guatemala and Hayti. Some time previously a concession had been made to the British Empire to the extent of allowing one additional vote for India and another for the Colonies, which the British Government had assigned to Canada.

An offer had been made, under pressure, to allow additional votes for the Australasian and South African groups, if the separate Colonies cared to combine for this purpose. The main point on which the Colonies had, by the advice of the British Government, hitherto insisted was that they

should be allowed adequate representation, lest the Union should arrange rates too low to suit their finances. Mr. Hofmeyr pointed out the difference of interest between the South African Republics, which would be entitled to separate votes, and the neighbouring Colonies; the Republics being inland States which would not care what burdens were imposed upon their maritime neighbours through the reduction of ocean rates. The President summed up the discussion :

Distracted
S. Africa.

“ There seems, gentlemen, to be a general assent to two propositions; first, that unless there is sufficient representation given to them, the Colonies that are now outside the Postal Union will not join; but, secondly, that if proper representation was given, there is a strong disposition on the part of the Colonies to become members of the Postal Union.” (R., p. 204.)

At the same time he was able to note two circumstances which promised to relieve the difficulty :

Advantage
of federation.

“ The one is the establishment of the Federal Council of Australasia—an event which exemplifies the possibility of merging individual interests in a common interest. The other is the united action taken by the Colonies for the establishment of a packet service on a basis wholly different from that of the present services.” (R., p. 196.)

In point of fact, unfortunately, the action in question was not “united,” only three of the Australian Colonies being concerned in the new contract. These three had formally protested against the matter being brought before the Conference at all, and the British Government sympathised with their objection. The counter-influence had been, apparently, the Tasmanian Government, who feared that the new arrangement would deprive them of a revenue hitherto received. The ex-Attorney-General,

MAIL SUB-
SIDIES—
Australian
Mail con-
tract.

The Conference as an appeal court.

Mr. Dodds, admitted that the Colony had no case, having stood out of the agreement ; but he explained that he was " appealing to the sense of justice " of the others ; who, however, did not see justice in the same light. Thus the first session produced an example of a Colony using the Imperial Conference as a kind of political court of appeal,¹ but in this instance without better success than the case deserved.

The principle of the new mail contract was that Britain and the Colonies should share both the subsidy to the shipping company and the receipts, each retaining the postages collected at its own end instead of dividing them as hitherto. The discovery that such an arrangement was being made inspired the Newfoundland delegates to claim equal treatment for their Colony. Sir Ambrose Shea explained :

Newfoundland's grievance.

" Up to the year 1872 the Imperial Government contributed one-half the amount of the subsidy for conveying the mails between England and Newfoundland, the postage on letters from this country being retained by the Imperial Post Office. About that time the Colonies, under the influence, I think, of Mr. Goldwin Smith, and doctrinaires here, were made to occupy a very unimportant and insignificant position in the eyes of the world. It was just coincident with the propagation of this doctrine that we found that the portion of the subsidy paid in England was suddenly withdrawn, and the Colony was thrown entirely upon its own resources. Since that time we have been compelled ourselves to raise a sum which imposes a very large charge upon the revenues of so small a Colony as Newfoundland, while the Imperial Post Office here is now paying only about £500, a contribution which may be considered to be the freight of the mails, and continuing to retain her former share of the postage." (R., p. 558.)

¹ Cf. in 1907, *infra*, Ch. XIV.

The President replied by referring the Newfoundlanders to the Postmaster-General, to whom they were instructed to apply through himself, not as Chairman of the Conference, but as Secretary of State for the Colonies.

Referred
to Colonial
Office.

At an early stage in the postal discussion Sir Alexander Campbell called attention to the fact that a new route to Australasia and the Far East had been made available by the recent completion of the Canadian-Pacific Railway. "We are here from Canada," he reminded the Conference, "more in reference to that particular topic than to any other." Doubtless the selection of this subject in the original invitation had been inspired by the Canadian Government, and they in turn by Mr. Sandford Fleming. As the second representative of Canada in 1887 he played a decisive part, his colleague leaving to him the task of explaining a subject which he had already made his own. In his first address to the Conference Mr. Fleming dwelt upon the possibilities opened up by the new transcontinental highway. He read from a memorandum :—

The
"C.P.R."

Sandford
Fleming's
Imperial
vision.

"According to our ordinary habit of thought, Canada in the western hemisphere and Australasia in the eastern are at opposite ends of the Colonial Empire, and are as far asunder as it is possible on this globe for two countries to be situated. We all know now that this is a mistaken idea; nevertheless it exists, and it is due greatly to the circumstance that emigration from Europe takes opposite directions to Australasia and to Canada. In consequence of this circumstance the two sets of colonists have been completely separated and they now find themselves perfectly distinct, without any social or commercial or political intercourse. . . . If we have discovered ourselves in Canada to be much nearer our sister Colonies in Australasia than we ever before supposed, we have also

awakened to the knowledge that there is no land between us and Asia, that we look across the Pacific to India, and that to reach the east the true path is to go west. (R., p. 190.)

History
of the
"C.P.R."

Reviewing the history of the undertaking, he recalled a statement made by Sir John Hervey, in opening the Legislature of Nova Scotia in 1847, at which time the Intercolonial Railway between Halifax and Quebec was already in contemplation. This railway would, the Governor declared, "constitute the most important link in that great line of communications which may be destined at no remote period to connect the Atlantic with the Pacific Oceans." In 1857 the British Government had sent a scientific expedition to reconnoitre the West, but its engineer had reported (1862) that the country was unsuitable for any trans-continental railway on British territory exclusively.¹ Nevertheless the British Government had afterwards arranged for the surrender of the vast territorial rights exercised by the Hudson Bay Company, and had encouraged Canada to take them over. The Intercolonial Railway was built as part of the confederation agreement of 1867, the British Government recognising its importance by guaranteeing interest on £3,000,000 of its cost. And now the Canadian-Pacific line had been completed at a cost in subsidies paid by the Dominion Government of nearly £24,000,000. The last rail had scarcely been laid before a consignment of naval stores passed through from Halifax to the station of the North Pacific Squadron. The time occupied in their transit was barely more than seven days, from Halifax to Esquimalt, whereas formerly it would have required some three months by sea. The question now was,

¹ R., p. 213.

how to begin to take advantage of this new and great opportunity :

“The principle of growth is familiar to all colonists, The new All-Red Route. it is one in which they all have faith, but there is one essential preliminary—there must be a beginning. Seed must be sown. . . . There are several ways in which the line through Canada may be at once utilised for Imperial purposes. I may mention the following three, viz.:

“(1) As a postal and passenger route from England to the Australasian Colonies.

“(2) As a postal and passenger route from England to Asia.

“(3) As a telegraph route protected by the British flag from the seat of Government in London to every one of the self-governing Colonies, and also to India. (R., p. 192.)

Already, it appears from Mr. Henniker Heaton's statement to the Conference, the Canadian-Pacific Company were prepared to tender for a mail service to Australasia, promising quicker time; but the contracting Governments were not inclined to depart from the Mediterranean route; and the older shipping companies were very influential. Still, the attention of the Conference came to be concentrated on the idea of establishing an alternative telegraph line to connect Britain with Australasia by linking the Colonies in the South Pacific with the new railway and telegraph terminus at Vancouver. A Pacific Telegraph Co.—with which Mr. Fleming's name had been associated, although in order to keep a free hand he had declined a seat on the board—had been formed to bring a concrete scheme before the Conference. Its offer was to lay and maintain a cable, and to reduce the rate between Australasia and England from the existing average of 9s. 6d. a word for Australia and 10s. 6d. for New

PACIFIC
CABLE
PROPOSED.

Zealand to a maximum of 4s. in return for a subsidy of £100,000 a year; the participating Governments to be entitled to send messages *gratis* up to the full amount of their respective contributions.

Interested
opposition.

The feasibility of a trans-Pacific cable had already been discussed in published papers by Mr. Fleming on the one side and on the other by Mr. (afterwards Sir John) Pender, the able chairman of the Eastern Telegraph Companies, who were naturally jealous of any attempt to infringe the very profitable monopoly which they had built up. The tactics they were adopting to defeat the Pacific project consisted in exaggerating the physical difficulties of the route—no through survey of the ocean bottom having yet been made—in trying to underbid the new company with offers of reductions on the existing route, and in appealing to the sentimental consideration due to them as pioneers of submarine telegraphy. In a carefully prepared statement supporting the Pacific route, though not any particular scheme, Mr. Fleming dealt with the general question in a manner convincing to the majority of the Conference.¹ Mr. Raikes, who again was present, was much impressed. He sincerely trusted that the Conference would

British
Govern-
ment's
platonic
sympathy.

“not break up without expressing some very decided opinion in favour of the general policy indicated by Mr. Sandford Fleming's paper. . . . It would be, I think, absolutely impossible for the English people, or for Her Majesty's Government, to recognise any monopoly such as seems to be claimed, by any company, however deserving their enterprise may have been. . . . But I think the Conference will feel that . . . it would be a matter of extreme difficulty, I think without precedent, for the English Government itself to become interested in such a scheme in

¹ R., p. 212.

such a way as to constitute itself a competitor with existing commercial enterprise carried on by citizens of the British Empire. There would be a very serious question raised, and it would be possibly extended to other forms of British enterprise, for instance railways." (R., p. 217.)

But if private enterprise, assisted by the Colonial Governments, would undertake to carry out the scheme, he was sure that any British Government would do what they could to help in other ways, through legislative or administrative action.

Mr. Pender now offered to reduce the Australian rate to 4s., or even less, in return for a subsidy somewhat less—though some of the delegates did not find his arithmetic convincing—than the Pacific Company were proposing; the subsidy to be calculated on a sliding scale in proportion to the volume of traffic (an arrangement which would obviously compel the contracting Governments to uphold the monopoly). In a letter to the President he admitted that the system he controlled had "now become so widespread that no unaided combination could successfully compete with it"; but he claimed that this result was the legitimate reward of enterprise, and that the power gained had not been abused. He added significantly:

A semi-official Trust.

"Our system is now very much in touch with Her Majesty's Government, and we have letters from the Foreign Office to the effect that whenever discussions take place with regard to submarine telegraphs we shall have full information on the subject, and representation during such discussion." (R., p. 227.)

The story of the protracted struggle now beginning between the Cable Trust and the Empire certainly does not indicate that Mr. Pender was exaggerating the semi-official status which the monopoly had

already acquired. On this occasion he was invited to address the Conference, in order to give it information, and was allowed (since Mr. Fleming had the privileges of a delegate) to examine the confidential papers. The Eastern Companies found a useful ally in the Government of South Australia, who had built the transcontinental telegraph from Adelaide to Port Darwin, in order to connect with the cable, and were thus jointly interested in conserving the monopoly by that route. On the other hand, the Government of India had felt the squeeze of the octopus and were in a corresponding mood. They were asked, at the instigation of the Australian delegates, to explain how they justified their action in charging 7½d. a word on Australasian cablegrams in transit over their land lines, seeing that the Indian domestic rate was only 2½d. a word. Their reply was as convincing in technical explanations as caustic in political comment :

South Australia the Trust's ally.

India resists the octopus.

“The Australian Governments having made a bad bargain with the Company, are not in a position to secure fair treatment for themselves except on the Company's terms. The Company, having other ends to serve, insist, as a part of their terms, that pressure shall be brought to bear on the Indian Government. The views of the Company are not brought out in the correspondence forwarded by your lordship, but they are frankly stated by the chairman (Mr. Pender) in his address to the shareholders on the 10th November last, to be the appropriation by the Company of the entire Indian transit earnings, out of which a portion is to be given to the Australian Governments in recognition of their aid in bringing pressure to bear on us . . . as the case really stands it is simply an attempt on the part of the Companies to obtain an unfair advantage, and neither in equity nor in policy can we perceive anything which would justify us in

saddling the people of India with the reduction asked for." (R., p. 346.)

Nor were the other Australian Governments much inclined to back South Australia's interest in the monopoly. Queensland, in particular, remembered how the original plan had been for the cable to be landed at a point in her territory, but, though she had built the necessary land line, South Australia had contrived to supplant her. They were uneasily conscious, moreover, of the tightening grip of the monopoly. The service having proved unreliable owing to frequent breakdowns, they had been made to pay a subsidy of over £30,000 a year for a duplication of part of the cable; and a printed statement¹ accompanying Mr. Pender's new proposal showed the total existing subsidies to aggregate £36,600 a year. Yet now Mr. Pender was arguing that his Companies received no State assistance at all; and that, therefore, no competing Company ought in equity to be subsidised. And he declined² to consider the possibility of any reduction of existing rates so long as the competitive project was officially countenanced. The Australasian delegates did not disregard the plea of Imperial services rendered (albeit on a strictly dividend-paying basis). They were impressed, however, not only with the commercial desirability of a competitive line, but also with the strategic value of the proposed Pacific cable, which would provide an alternative route in case of war, all British overland (whereas the Eastern telegraph traversed foreign countries), and in too deep water over the marine sections to be easily cut by an enemy. The weakness in this respect of the existing route had been brought home to them

Divided
Australia.

New cable
route
necessary.

¹ P., p. 126.

² R., p. 332.

in the recent war-scare, when they were hourly expecting to find their communications cut by the Russians. The Australians were supported in their favourable inclination towards the Pacific project by Mr. Hofmeyr, who urged that the Imperial circle ought to be completed by a cable across the Indian Ocean, connecting Australia with South Africa *viâ* Mauritius.

The definite refusal of Mr. Raikes, on behalf of Britain, to consider the possibility of subsidising a competitive company, turned the attention of the Conference to a scheme which had been suggested by Sir Julius Vogel, the Postmaster-General of New Zealand, in a memorandum dated 5th February 1887. He had proposed that the Governments concerned should combine to expropriate the Eastern cables, which should be nationalised, as the land lines already had been in Australasia, India, and Britain. Sir Dillon Bell reminded the Conference that the Australasian Agents-General in London had already, on the invitation of the Canadian High Commissioner, been considering the advisability of requesting the British Government to co-operate in the Pacific cable project as a strategic rather than commercial enterprise. He now asked the President whether the Government would be prepared to join in laying and working the cable as a State undertaking, without the intervention of any company, in the interests of Imperial defence. The President admitted that this was putting the case in a new light; and he urged the Colonial delegates to make a proposal in writing for him to submit to his Cabinet colleagues. But the Colonial delegates were not prepared to commit themselves so definitely, desiring first to know whether the British Government would agree to the principle of the thing.

Empire
girdle con-
templated.

N.Z. for
nationalis-
ing cable.

Mr. Fleming took the matter up with the New Zealanders, and at the next meeting he strongly supported the idea of the Governments combining to construct and work the Pacific cable for themselves, as well as expropriating the Eastern Extension system. Making allowance for the existing subsidies of £56,700 a year,¹ he reckoned that the Imperialised system, including the Eastern and Pacific cables and the Australasian land lines, might be worked at a substantial profit. By way of carrying matters forward the Canadian delegates proposed two resolutions :

“(1) That the connection recently formed through Canada from the Atlantic to the Pacific by railway telegraph opens a new and alternate line of Imperial communication over the high seas and through British possessions which promises to be of great value alike in naval, military, commercial, and political aspects.

Canada's
resolutions
re Pacific
cable
passed.

“(2) That the connection of Canada with Australia by submarine telegraph across the Pacific is a project of high importance to the Empire, and every doubt as to its practicability should without delay be set at rest by a thorough and exhaustive survey.” (R., p. 514.)

Some of the Australian delegates, especially the Victorians, were much attracted by Mr. Fleming's statement of the case, and were eager to support the Canadian resolutions. Mr. Service urged that they should individually make the matter a “live subject” immediately on their return home, and he desired to express himself as a strong supporter of the idea of direct State enterprise in constructing the cable. Nor did the President, having by this time got safely past the Preference debate, appear quite so nervous as hitherto of procedure by resolution :

“*The President.*—So far as the Imperial Government is concerned, I understand that these Resolutions are

The Conference
and Resolutions.

¹ R., p. 516.

entirely framed so as to keep clear of any question of subsidy, and that they were a general assent to the importance of communication between Australia and Vancouver.

“*Sir Samuel Griffith.*—And the survey.

“*The President.*—The survey; but there, again, it is fortunately (*sic*) left in the dark at whose expense the survey is to be made. The Resolutions are intended to be quite general; otherwise, of course, I could not put them to the Conference. . . I shall enter it in this way on the minutes; that the general assent of the delegates was given to the proposals put forward by Sir Alexander Campbell.” (R., pp. 518-19).

Mr. Robinson (Nat.) regretted that the Resolutions had not been made wide enough in scope to contemplate the completion of the Imperial circle by linking up South Africa with the rest of the Empire. But Sir Alexander Campbell thought it was better to “make haste slowly”; and the President said to Mr. Robinson:

“Of course; any Resolution that you like to propose I will put; but I should think that you will probably be satisfied with stating your views, which had been stated, indeed, by Mr. Hofmeyr on a former occasion.” (R., p. 520.)

Mr. Robinson was content; and there the matter rested.

The trade
question
basic.

Mr. Chamberlain's *dictum*¹ that the discussion of closer Imperial union must always centre round the three main problems of political relations, commerce, and defence is amply justified by the repeated experience of the Imperial Conference. To the present writer the only flaw in this view, which appeared at the outset in Lord Salisbury's speech, is that it assumes each of the three subjects to be separable

¹ In opening the session of 1902, *infra*, Ch. IX.

from the other two rather than mutually dependent, and places them on an equal footing instead of treating one as basic and the others as consequential. On the theory here adopted, that the trade question is basic, joint defence and joint government being arrangements dependent upon a conscious community of primary (*i.e.* economic) interests, the most important business of the Imperial Conference is found in its treatment of the problem of how to develop to the utmost the internal commerce of the Empire. But this subject divides itself, again, into two parts. The development of trade is a matter of major and minor agencies; the major consisting in fiscal systems and facilities for communication, and the minor in such subsidiary improvements as the co-ordination of commercial law, the organisation of commercial intelligence, and the like. Preferential tariffs and cheap means of communication are not only in themselves the most potent agencies, but are the only kind which attract the attention of the community at large. The obstruction to trade of legal complications, or the lack of adequate commercial intelligence, is felt only by a handful of merchants and others; and otherwise the problem of how to simplify the law excites the interest only of lawyers. Facilities for communication, on the other hand, are of direct importance not only to migrants as well as traders, but also to their families and friends, thus affecting a large section of population throughout the Empire. Tariffs, again, are popularly credited with an economic influence closely affecting the daily occupations of every producer and trader throughout the world; an influence which may or may not be more or less imaginary, but which in any case—since political events are caused by beliefs rather than by other facts—gives the fiscal system a unique and paramount political importance.

LEGAL
QUESTIONS.

Principle
of Pre-
ference
admitted.

In all the democracies of the British Empire the professions of law and of politics are found to overlap to such an extent that there is no danger of the legal aspects of the commercial problem ever receiving less attention than the matter deserves. In 1887 the questions of this character which the President had placed on the agenda were thoroughly discussed, and the way was thus prepared for effective action later on. The general principle of Imperial Preference, which Sir Samuel Griffith had described as having been recognised in every department except trade, was readily admitted by the British Government in connection with these minor matters. On the question of enforcing Colonial judgments in Britain, particularly in matters of Bankruptcy, the President was quite explicit :—

Colonial
judgments
in the
United
Kingdom.

“ We have, I think, a clear right to demand that a distinction be drawn between Colonial judgments in superior courts (for I hold that the change should only apply to judgments obtained in Colonial superior courts) and foreign judgments. It is true, as has been urged more than once, that different systems of law, different systems of administering justice, prevail in different parts of Her Majesty’s dominions; but I myself am quite unable to admit the force of that argument. That fact does not affect the validity of the judgment which is sought to be enforced. A judgment obtained in a Colonial court which administers the Dutch law or the French law, is as much binding upon the parties to the suit as a judgment obtained in a Colonial court which administers English law.” (R., p. 52.)

In connection with this and kindred problems an important question of method had to be decided. The simplest way to the end in view would be for the British Parliament to use its constitutional power of

passing laws applicable to the Empire as a whole, overriding any conflicting Colonial statutes. But the doctrine and practice of Colonial autonomy required, on the other hand, that the desired uniformity should be attained, if at all, by means of concurrent legislation, passed independently by each parliament in the Empire. Compromise is relatively easy when no vital interest is immediately at stake; and the Conference readily agreed that the best solution would be for the British Parliament to pass a law for facilitating the enforcement of Colonial judgments in Britain, but confining the benefit to such Colonies as might afterwards pass reciprocal legislation for giving like effect to judgments obtained in Britain. Such a measure, it was felt, might lead to a great improvement in the situation; although it might not, like the other method, establish reciprocity between the various Colonies as well as between them and Britain.

Methods
of uni-
formity:
(1) by
concurrent
legislation,

The superior efficiency of the other method was admitted in the discussion of shipping regulations, with a view to the better preservation of life at sea. In Sir Samuel Griffith's opinion:

(2) By
Imperial
statute.

“It would be more satisfactory if an uniform law were passed after full consideration by the Imperial Parliament, following the practice which has grown up of late years of submitting the proposed changes for the advice of the Colonial Governments before they are made.” (R., p. 82.)

On behalf of the Board of Trade, Lord Stanley of Preston stated that it was intended to hold a departmental or parliamentary inquiry into the subject, and proposed that the Board should draft a scheme for submission to the Colonial Governments with a view to obtaining their co-operation.

MERCHANT
SHIPPING
LAWS.

COLONIAL
STOCKS
AND
BRITISH
TRUSTEES.

A mutual
benefit.

There was an interesting discussion on the question of procuring the inclusion of Colonial Government securities among the investments permitted to trustees in Britain; New Zealand taking the lead in advocacy of the proposal. The benefit, it was urged, would be mutual; the Colonies would be able to get better terms for their loans, and British trustees would get better interest on their money. Attention was called, too, to the large sum, already amounting to nearly £800,000, which the Colonies had contributed to the British Exchequer in duty upon their issues. A step in the desired direction had been taken in 1884, by the passing of the Trusts (Scotland) Act, whereby Scottish trustees were empowered (unless expressly forbidden by their trusts) to invest in Colonial securities other than bonds-to-bearer. No new Act of Parliament was necessary in order to apply the same principle in England; the power to schedule trustee securities being vested in the Lord Chancellor acting with certain advisers. Two difficulties, Sir Dillon Bell explained,¹ had hitherto stood in the way. "In the first place, Colonial Governments are not under Imperial control as to the extent of their issues in the same way as India stock and the other securities in which trustees may invest are; and secondly, Colonial Governments cannot at present be brought under the jurisdiction of the British Courts." That Colonial Governments should be made capable of suing and being sued in Britain would, he apprehended, be a step requiring "grave consideration," but one which "would probably seem trifling when compared with the immense advantage to all the Colonies of a direct Parliamentary sanction to the investment of trust funds in their stocks." As to the other difficulty, he suggested

Financial
control a
difficulty.

¹ R., pp. 92-3.

that an Act should be passed authorising investment by trustees in the stocks of such Colonies as would allow the British Government to control their issues, leaving the Colonies individually the choice of taking advantage of the offer or retaining their independence. But the general opinion of the Conference was decidedly that the Colonial Governments would not care to subject themselves to any such self-denying ordinance. Nor did it favour a suggestion thrown out "on the spur of the moment" by Mr. Deakin, that Parliament might lay down for the guidance of the Lord Chancellor "some fixed proportion of loan to revenue, or some rule based upon the proportion of revenue derived from those reproductive works in which loan money has been invested."¹ The Australian delegates argued that the reproductive assets created by the Australian loans were ample security for any purpose. In regard to recovery of interest, it was urged that, if the point need be considered at all, the power of the investor to sue the Government in the Colony itself was ample for practical purposes. But the President could not hold out hope of an early decision on the part of the British Government, the question being a "serious" one. It is worth noticing (the concession having since been made) that the depreciation of Consols and other securities owing (it is alleged nowadays) to the inclusion of Colonial stocks among trustee investments, does not appear among the objections urged by the British Government at this time. Some dissatisfaction also was expressed over the amount of the stamp duty charged for "inscribing" Colonial stock,² the rate for composition having lately been raised to 12s. 6d. per cent. But when it was pointed out that precisely the same charge was levied on corporations in Britain the matter was allowed to drop.

STAMP
DUTIES.¹ R., p. 97.² R., pp. 108-12.

UN-
CLAIMED
DIVI-
DENDS.

Another complaint from New Zealand was that unclaimed dividends on Colonial stocks were retained indefinitely in Britain instead of being transferred, as under the East India Unclaimed Stock Act of 1885, to the debtor Government for it to enjoy the interest accruing on the unclaimed balances. In the case of India, the unclaimed dividends were so transferred after ten years. Sir Dillon Bell said that the amount of Colonial unclaimed dividends was already about £100,000. The President noted that the "general feeling" of the Conference was that the Colonies should be accorded the same treatment as India in this matter, the Colonial Governments to receive the interest on the balances and to assume the liability for meeting creditors' claims.¹

MARRIAGE
LAW.

The question of marriage with a deceased wife's sister also assumed a commercial aspect in the discussion, part of the grievance being that the children of such marriages in Colonies where they were legal could not inherit real estate in England. This disability, apart from its material aspects, and in spite of the cognate fact that in certain cases children recognised as legitimate in Scotland could not inherit land in England, was felt to involve a "slur" on the status of these lawful Colonial marriages, and to offer an impediment to migration within the Empire. At the Conference some difference and confusion of opinion arose as to whether the proposal that children of these Colonial marriages should be allowed to inherit land in England did or did not involve altering the English law of inheritance. On behalf of Canada, where such marriages had been legalised, Sir Alexander Campbell formally dissociated himself and his colleagues from any suggestion of trying to press an unwelcome change upon the English people; thus taking up

Principle
of auton-
omy.

¹ R., pp. 111-13.

an attitude which has always been characteristic of Canadian Imperialism ever since the Dominion entered upon the national phase of its career. The representatives of New Zealand and Cape Colony concurred in this attitude, though Sir Thomas Upington remarked :

“ If the Queen sanctions an Act relating to marriage in a Colony, I think that marriage ought to be looked upon as a perfectly legal marriage in England, without affecting inheritance or anything of that sort.”
(R., p. 117.)

It was also argued that the British Parliament, having been persuaded with much difficulty to sanction the Colonial marriage laws in the name of Colonial self-government, ought not to be pressed to change the law of England as a consequence of having recognised that principle. But with the passage in 1907 of the Deceased Wife's Sister Bill, this aggravating controversy has finally been laid to rest.

Another question of considerable interest to the few whom it then concerned, and to the much larger number whom it might concern as the Empire developed, was that of double taxation, the same property or transaction being sometimes taxed in Britain and in one or more Colonies. A firm of solicitors sent in a letter to the Conference showing how, in a concrete case, in order to obtain probate of an Englishman's will in Victoria, where some of his property was situate, they had been obliged to incur an expenditure of nearly £180, although the duty involved was only £20. At this time it was not the excessive burden of the double taxation—as afterwards when increased income-tax and death duties were in question—so much as the trouble involved that was felt to be an anti-Imperial

DOUBLE
TAXATION.

anomaly. Another communication on the same subject was received from a certain Traders' Association, which had decided to appeal to the "Conference on Colonial Confederation"—a quaint phraseology which illustrates how great in habit of mind, if not in time, is the gap between then and now.

PRO-
TECTION OF
TRADE
MARKS.

The International Union for the Protection of Industrial Property had been joined by the United Kingdom in 1884, and the methods agreed upon for suppressing the fraudulent marking of merchandise had been revised at a further Conference in 1886. A Bill being now before the British Parliament for giving effect to the revised Convention, the Government felt that it was desirable to act with the Colonies in order to promote uniformity of legislation throughout the Empire. Mr. Mundella, who had presided over the Board of Trade in the late Liberal Government, reinforced Lord Stanley of Preston in explaining the case for remedial measures :

German
frauds.

"We have had evidence before the Depression of Trade Commission from all quarters of the world that the brands of some of our manufacturers of the very highest repute are copied or imitated very closely, and sent to our Colonies, and India, and China, those brands being put on the greatest rubbish that our Continental rivals can produce. I am bound to say that France in this respect is fairly honest; there are few manufacturing countries which produce more honest and honestly-described manufactures than France. But Germany has entered with great vigour into manufacturing competition, and what numbers of her manufacturers do is this; when they make an honest and good article that will tend to increase the reputation of the producer, they put their own name upon it; but when they make a very bad article they put a British name upon it. Those articles are sent to our Colonies, and to neutral

markets; hence the disappointment which comes from bad cutlery, bad iron, and from bad wares of all kinds, and which is attributed to bad British manufacture." (R., p. 376.)

The Colonies, he argued, were interested not only as consumers but also as producers, *e.g.* Australian wine merchants would desire protection for their brands against European fakes. After a short discussion, the President felt able to declare : Uniformity desired.

"there is general unanimity on the part of the Colonial delegates in favour of uniformity upon this subject, which they feel is of equal importance to themselves and to the Mother Country." (R., p. 380.)

Mr. Deakin then raised the cognate question of uniformity in the law of Patents, urging that there ought to be a single system for the whole Empire. But a considerable difference of opinion arose among the Colonial delegates as to whether it would be either fair or practicable to make a patent taken out in one part of the Empire apply over the whole. The consciousness of national unity seems to have been inadequate to such a proposal. Lord Stanley, remarking that the brief discussion had shown the subject to be "beset with difficulties in all directions," could only promise that it would receive "most careful consideration," and that, if necessary, communications would be made through the Colonial Secretary to the various representatives.¹ PATENTS LAW.
Uniformity difficult.

A delicate question, which was discussed with the representatives of all the self-governing Colonies, was that of the aggressive policy of foreign Powers in regard to the Pacific Islands.² At the first day's meeting on this subject Lord Salisbury attended, as Minister for Foreign Affairs. But the discussion does FOREIGN AFFAIRS.
Pacific Islands—confidential discussion.

¹ R., p. 383.

² Cf. *infra*, Ch. XIV.

How Australia
annexed
Papua.

not appear in the report; a note being inserted to the effect that a portion of the proceedings on this and subsequent occasions related to matters still under negotiation with Foreign Powers and therefore confidential. The only portion fully recorded is the final discussion on the annexation of that part of New Guinea which is now known as Papua. This was an interesting episode, affording the first example of a self-governing Dominion assuming control over an over-sea dependency. In the early eighties the activities of the Germans in New Guinea, which lies close to the Australian mainland, had alarmed the Australians. The attempt made in 1883 by Sir Thomas M'Ilwraith, then Premier of Queensland, to annex the island, which the British Government had disavowed, had been followed by the creation of the Australasian Federal Council for the purpose, primarily, of considering the external interests and defence of the Colonies.

Having discussed the question with the Colonial representatives, and particularly with Sir Samuel Griffith, who was chairman of the Standing Committee of the Federal Council as well as Premier of Queensland, the President suggested that "the past should be buried," and the revised proposals of the British Government be accepted. They were prepared to annex the Protectorate if the Australasian Colonies, or some of them, would assume the cost of its administration, entrusting the Queensland Government to carry it out. Towards the cost the British Government would contribute a sum of £29,000 to cover preliminary expenses. Two conditions were imposed; that the Colonies should guarantee to meet the annual expenditure up to at least £15,000 for ten years; and that the land rights of the natives should be protected. The procedure proposed was that the Queen should

“by Commission under the Great Seal” create the office of Administrator, and by the same instrument delegate general powers of legislation to him and his successors. The Charter would fix, “as fundamental parts of the Constitution,” that all purchases of land should be made by the Government; that natives should not be removed from their home districts without Imperial assent; that trade with natives in arms, ammunition, explosives, and alcohol should be prohibited; and that no “differential duties” should be levied. Royal instructions would be issued, directing the Administrator to carry out the instructions of the Governor of Queensland, who with the advice of his Ministers was to supervise the finances and general administration and report to the Secretary of State for the Colonies. Appeals were to lie from New Guinea to the courts of Queensland. A Bill to this effect, for the British Parliament, had been drafted by Sir Samuel Griffith, who now submitted it to the Conference :

“The important part is the preamble, which recites that Her Majesty has assumed the sovereignty at the request of the Australasian Colonies, and formally places upon record in a permanent form the obligation of the Australasian Colonies generally, and of the Colony of Queensland primarily on their behalf, to give effect to that obligation. I do not know that any more formal mode of recording the obligation could be devised; and if that form meets the approval of Her Majesty’s Government, and if the other Colonies have no objection to the Colony of Queensland recognising the obligation in that way, I can say, on behalf of the Government of Queensland, that they will be prepared to submit a measure of this kind to the Colonial Parliament, and I have every reason to believe that it would be passed, having regard to the resolution that was passed by the Legislative Assembly last year,

The
Papuan
Charter.

Queens-
land to
administer
Papua for
Australia.

which indeed adopted the somewhat unusual course of pledging themselves to provide any necessary funds that might be required to give effect to the proposals that are now under consideration." (R., p. 364.)

British
vacillation.

There was some criticism of the financial proposals, but the delegates generally agreed that Australia would be ready to meet all the future and necessary expenses of administration, the scale of requirements being determined from time to time by consultation with the British Government. It became apparent, too, that all the Colonies might be expected to assent to the arrangement, with the possible exception of South Australia, whose representatives declined for the present to commit themselves. In reply to Mr. Deakin's earnest appeal for "federal action," Sir John Downer explained that South Australia, while as anxious as any to promote the union of the Australian Colonies, had been discouraged by the previous conduct of the British Government, who had broken faith in going back on what was supposed to have been their intention of annexing the whole of New Guinea, and in treating the whole question as though it were a matter of no importance to the Empire outside Australasia.

POWERS OF
GOVERNORS.

Although the subject of political relations had been tabooed, the Conference did not close without some discussion of the powers of Governors in self-governing Colonies; illustrating the tendency, which has since become more pronounced, for the Colonial Parliaments to assert an equality of status with that of Britain in relation to the Crown. The first point was the prerogative of pardon. The New Zealand Government had telegraphed to their delegates asking them to ascertain whether it was the intention of the British Government to take any steps for the remission of sentences on the occasion of

the Jubilee, as had been done in India, "so that the Colonial Governments might consider the propriety of doing the same." The President replied to this inquiry :

"I think that we have in all cases returned the same answer, that it is not desirable to release prisoners unless there is any political prisoner whose case seems to deserve consideration."¹ (R., p. 536.)

The motive of the inquiry seems to have been in connection with a wider question of principle which the New Zealand Government had instructed their delegates to bring up; namely, whether the Governor should be bound by the advice of his Ministers in exercising the royal prerogative of pardon. The President pointed out that there was an important difference in terms between the official instructions given to the Governors of Australasian Colonies and to the Governor-General of Canada.²

Prerogative of pardon—varying instructions,

The Governor of an Australasian Colony was instructed in regard to capital sentences ;

"either to extend or withhold a pardon or reprieve,

¹ *E.g.* Dinizulu, who was released by the South African Government on the accession of King George V. (May 1910).

² For the practice in Crown Colonies, *cf.* Bruce, *The Broad Stone of Empire*, vol. i. p. 294 *et seq.* He quotes as typical the instructions issued to the Governor of the Windward Islands:—

"The Governor shall call upon the Judge who presided at the trial to make him a written Report of the case of such offender, and shall cause such Report to be taken into consideration at the first meeting thereafter which may be conveniently held of the Executive Council of the Island in which the trial was held, and he may cause the said Judge to be specially summoned to attend at such meeting and to produce his notes thereat. The Governor shall not pardon or reprieve any such offender unless it shall appear to him expedient to do so, upon receiving the advice of the said Executive Council thereon; but in all such cases he is to decide either to extend or withhold a pardon or reprieve, according to his own deliberate judgment, whether the Members of the Executive Council concur therein or otherwise; entering nevertheless on the Minutes of the said Executive Council a Minute of his reasons at length in case he should decide any such questions in opposition to the judgment of the majority of the Members thereof."

according to his own deliberate judgment, whether the members of the Executive Council concur therein or otherwise; entering, nevertheless, on the Minutes of the said Executive Council, a minute of his reasons, at length, in case he should decide any such question in opposition to the judgment of the majority of the members thereof." (R., p. 545.)

The Governor-General of Canada, on the other hand :

"shall not pardon or reprove any such offender, without first receiving, in capital cases, the advice of the Privy Council for our said Dominion, and in other cases the advice of one, at least, of his Ministers";

except that in cases affecting the interests of other parts of the Empire, or of foreign countries, he was to

"take those interests specially into his own personal consideration in conjunction with such advice as aforesaid." (*Ibid.*)

It was not quite clear, as some of the delegates pointed out, whether the Canadian Governor-General was absolutely enjoined by these words to follow the advice of his Ministers in any case at all. But Sir Alexander Campbell declared that, whatever the intention of the instruction might be, the Governor-General was supposed, in Canada, to be bound to follow the advice of his Ministers, and in practice always did so. For example, Riel, the ringleader in the North-West Rebellion, had been executed without reference to the Imperial authorities.

The New Zealand delegates had been asked by their Government to press for the application of the Canadian instruction to the Australasian Colonies. Sir William Fitzherbert, nevertheless, reluctantly dissociating himself from Sir Dillon Bell, expressed the

opinion that the change would be undesirable, as tending to bring questions of life and death, after having been judicially decided, into the arena of Parliament, where party and personal considerations would supervene. The New South Wales delegates were also hostile, although in that Colony there had been cases of the Governor overriding his Ministers. Mr. Service (Vic.) supported Sir Dillon Bell. But most of the Australians were against the change, sharing the apprehensions of undue party influence, and feeling that the smaller the community the greater became the expediency of maintaining the discretionary power of the Governor. This was also the view of the Newfoundlanders; although they were not greatly interested, having had only one execution in their Colony during the last thirty years. Sir Samuel Griffith (Q.), while disposed to maintain the existing instructions on grounds of expediency, held that they constituted "anomalies in the theory of responsible government":

"there is another anomaly to which attention has not specially been called, and that is that the Governor is directed to take the advice of the majority of the Executive Council. It is the only instance that I know in which the advice of the Executive Council is understood to be tendered by the individual members and not to be their collective advice." (R., p. 550.)

This point seems to have been answered in anticipation by Sir John Downer (S.A.), who had contended that the plan of referring the Governor to the advice of his Ministers in these cases was not meant to be a concession to the theory of parliamentary control:

"though Her Majesty undoubtedly would not exercise her prerogative without consulting her Ministers, still she consults them in the character of private trusted

advisers¹ than in the character of gentlemen who are responsible to Parliament for their actions. That rule has been followed, so far as South Australia is concerned, and is obviously a very convenient one. . . . I find that the practice is about the same in all the Colonies. In capital cases the Governor summons the Executive Council, and he summons the Judge who tried the case. The Judge makes his report, and then the members of the Cabinet express their opinions, beginning with the junior member. In practice I have never known an instance in which the views of the majority of the Ministers have been overruled by the Governor." (R., pp. 548-9.)

Mr. Service (Vic.), though personally supporting the New Zealand proposal, gave the President an opportunity to turn to the next business by suggesting that the British Government ought not to be expected to give consideration to questions of this kind without a more general demand on the part of the Australasian Colonies. But Sir Dillon Bell (N.Z.) presently re-opened the subject in another form. His Government had instructed their delegates to bring also before the Conference the question

Power of
dissolution.

"whether in the case of advice being given to the Governors of Colonies for dissolution of Parliament, the existing discretion which is vested in the Governor should be maintained, or whether it would not be more conducive to the harmonious working of the responsible government system in the Colonies if that discretion were taken away from the Governor and he were instructed to follow the advice of his Ministers in regard to Parliamentary dissolutions." (R., p. 552.)

He admitted the advantage of having the Governor so placed as to be able to exercise a "moderating influence" on partisan politicians; but he held that

¹ In fact "privy councillors"; the Cabinet being in constitutional theory an executive committee of the Privy Council. But *cf.* Ch. XIV., Court of Appeal.

this benefit was more than counterbalanced by the risk of bringing the Governor himself under suspicion of being swayed by a partisan sympathy in granting or refusing a request for dissolution. The New Zealand Government desired, therefore, that the Prime Minister of a Colony should be placed in the same position in relation to the Governor as was occupied by the Prime Minister of Britain in relation to the Crown ;

“ that is to say, that the Governor should, unless there were some very extraordinary case for interference, as a matter of course take the advice of his Ministers for the time being as to the question of the dissolution of Parliament.” (R., p. 556.)

The other Colonial delegates were entirely without instructions ; but some of them did not hesitate to express personal opinions. The Agent - General for Victoria supported New Zealand ; while the ex-Premier, Mr. Service, dissented, maintaining that the same objections applied to the proposed change as in the case of the prerogative of pardon.

Sir John Downer (S.A.) remarked :

“ The Ministers resign if Her Majesty does not grant a dissolution, and so they do in the Colonies if the Governor does not accept their advice. It is just the same in the two cases now.” (R., p. 556.)

Sir Samuel Griffith (Q.), whose opinion always carried great weight, was emphatic :

“ I entirely concur in thinking that the proposed change would be most undesirable. . . . I have known cases in the Australian Colonies where the Governors were advised by Ministers to dissolve Parliament on the assumption that the advice would not be acceded to. In one case the advice was not taken ; and in the other case the advice was taken, to the great dismay of the Government. If a Governor

Advantage of Governor's discretion to Colony.

were bound to take that advice, the advice might be given with a higher sense of responsibility. But this is especially a case in which there should be some superior and calmer authority to determine whether a dissolution is necessary or not. To adopt any other rule, I think, would introduce very grave Constitutional changes, and would diminish to a very important extent one of the powers of the Crown." (R., p. 557.)

A royal prerogative.

The President again refrained from expressing any opinion, and presently turned the Conference—which was now holding its last sitting—to other matters awaiting conclusion.

MIGRATION. Emigrants Information Office.

Not much attention was paid in 1887 to the subject of Migration, though the Emigrants Information Office had just been established in Britain. The President requested that any delegates who were interested would inspect the working of the Office and suggest improvements. It appeared so far, he said, to be giving satisfaction; the only opposition having come from an Australian Labour delegate, who was anxious that a representative of Australian working men should be added to the Committee. In the official view "the meetings of the Committee of Management are not suitable for the discussion of political or controversial questions." There was also a discussion, with the South African representatives alone, on a proposal made by Mr. (now Sir Henry) Kimber for planting settlers along the frontier of Cape Colony. But Sir Thomas Upton, Mr. Hofmeyr, and Mr. Robinson were all unfavourable, arguing that experience had shown that the competition of Kaffir labour and the large area of land required for a living were insuperable obstacles to closer settlement. The report of this discussion appears in summary only, no *verbatim* record having been kept. When it was over the Conference took

S. African colonisation.

up "international questions"—presumably concerning the South African Republics—which were treated as confidential. Confidential discussions.

As to the Census, it was hardly necessary, the President said, to point out the advantage of having as much uniformity of method as possible throughout the Empire. A concrete proposal had lately been suggested in unofficial quarters. But the British Registrar-General, in a memorandum, threw cold water on it: CENSUS.

"I am not aware that any practical inconvenience whatsoever has been experienced by the want of uniformity between the censuses of the various Colonies and dependencies; and I fail to see any utility, practical or scientific, in tables such as are contemplated in the scheme, which should give, to take examples, the age distribution, the marriage-condition distribution, or the occupational distribution of the aggregate population of the Empire. . . . I may, however, observe, as bearing on the utility of an Imperial Age Table, that the number of persons in India at the last census, as to whose age no information could be obtained, was over 24,000,000, a number about equal to the entire population of England. . . ." (R., p. 553.) The Registrar-General against uniformity.

It had been the practice, apparently, for the Registrar-General to circulate suggestions to the Colonial Governments, preparatory to a census, respecting the forms to be adopted. But in 1881 the circulars had been despatched too late to be generally available. The President concluded— Red tape.

"The outcome of this discussion is that we must ask the Registrar-General to send out the papers early enough." (R., p. 555.)

Finally, the Queen's title came up for review. The President desired the opinion of the Colonial SOVEREIGN'S TITLE.

representatives in connection with a question which had been placed on the paper of the House of Commons by Mr. (afterwards Sir Howard) Vincent, suggesting that the occasion of the Jubilee should be utilised to "place other portions of the Empire on an equality in this respect with Great Britain, Ireland, and India." The subject, Sir Henry Holland reminded them, had been fully debated in 1876 by Parliament, in connection with the Royal Titles Bill. Mr. Childers and Mr. Forster had at the time urged the claim of the Colonies; but Mr. Disraeli had thought that they were content to be included under "Great Britain and Ireland." The existing title, in 1887, was "Queen of the United Kingdom of Great Britain and Ireland and Empress of India." The President now suggested that it might be revised on the lines of a form used, but only for that one occasion, in the Proclamation of 1858: "Queen of the United Kingdom of Great Britain and Ireland and of the Colonies and Dependencies thereof." The Colonial delegates, while pleased with the idea of extending the title so as to embrace the whole of the Empire, recognised the impracticability of naming Colonies individually. Some were surprised to learn that the 1858 extension had since been "dropped," though Sir Henry Holland could not ascertain that it had ever been formally adopted. However, he was soon able to declare that the Conference, subject of course to Her Majesty's pleasure, assented entirely to the adoption of "Queen of the United Kingdom of Great Britain and Ireland, and of the Colonies and Dependencies thereof, and Empress of India."

An appreciative farewell address was presented to the President by the delegates. Winding up the Conference on their behalf, as "the oldest actual Minister present," Sir Samuel Griffith said in the course of his speech :

Greater
Britain
in 1876.

The
"Colonies"
to be
included.

“No one can have been present on this occasion, which will be a historical one, without being greatly impressed, not only with the importance of the work we have done, and with the advantage that we, I think, have all derived from the interchange of opinion, and from the contact of mind with mind, but with the possible future advantages which will be derived from the example that has been set here. It has occurred to me that this Conference has had, in itself, many of the essential elements of a Parliament. A Parliament in its essence does not depend upon the form in which its representatives are selected, or upon the manner in which its deliberations are conducted, or upon the particular mode in which effect is given to its conclusions. But I take it that a Parliament consists in its essence of an assembly of representatives from different parts of the realm in question, met together to consider and agree to certain rules for the general good guidance of the whole community. In these particulars I consider that this Conference does comprise what may perhaps be called the rudimentary elements of a Parliament; but it has been a peculiarity of our British institutions that those which have been found most durable are those which have grown up from institutions which were in the first instance of a rudimentary character. It is impossible to predicate now what form future Conferences should take, or in what mode some day further effect would be given to their conclusions, but I think we may look forward to seeing this sort of informal Council of the Empire develop until it becomes a legislative body, at any rate a consultative body, and some day, perhaps, a legislative body under conditions that we cannot just now foresee; and that, indeed, meetings such as this will before long be recognised as part of the general governing machinery of the Empire.” (R., p. 561.)

FUTURE OF
THE CON-
FERENCE.

A kind of
Parlia-
ment.

Sir Henry Holland, for his part, could “look forward hopefully to future Conferences.” He had

already from time to time, in the course of the session, expressed the sense of advantage which he was experiencing in thus meeting the Colonial representatives in free discussion, and getting to understand their various points of view. Only, he had been conscious of one drawback :

More preparation needed.

“ I have felt most painfully during the course of the Conference how little I had really mastered the different cases that were brought before me. I have endeavoured to do so, but felt as I went on, and as the speeches were made by the delegates showing an intimate knowledge of these matters, really how little I had managed to carry out my desire to master these subjects.” (R., p. 538.)

Conference conflicts with Parliamentary business.

Before the session was half-way through, he had felt obliged to apologise, at the opening of one day's business, that “ owing to rather protracted sittings in the House of Commons ”¹ he had not been able to look thoroughly into the matters which were to be dealt with. Thus early did it appear that it was not humanly possible for the same British Minister to discharge concurrently the duties imposed upon him by the party system of the House of Commons and the chairmanship of the Imperial Conference in session.

Need of a representative secretariat.

One further and cognate point may be noted here. The Conference was handicapped by the lack of sufficient opportunity for the Colonial representatives to deliberate with each other beforehand as to what questions might usefully be introduced. Thus it came about that subjects mooted by individual Colonies could not be satisfactorily discussed, most of the delegates being without instructions from their Governments. It seems, therefore, that the agenda of the Conference ought to be prepared betimes by consulta-

¹ R., p. 161.

tion, orally conducted if possible, between all the Governments which will attend, and not simply through correspondence between Britain and the Dominions separately, which gives no sufficient opportunity for intercolonial deliberation.

PART II

OTTAWA, 1894

OTTAWA, 1894

IMPERIAL CONFERENCE

SECOND SESSION

DELEGATES ¹

The Right Hon. the Earl of Jersey, P.C., G.C.M.G., representing the Government of Her Majesty.²

The Hon. Mackenzie Bowell, P.C., Minister of Trade and Commerce; the Hon. Adolphe P. Caron, P.C., K.C.M.G., Postmaster-General; the Hon. George Eulas Foster, P.C., LL.D., Minister of Finance; and Sandford Fleming, Esq., C.M.G., representing the Government of the Dominion of Canada.

The Hon. F. B. Suttor, M.L.A., Minister of Public Instruction, representing the Government of New South Wales.

The Hon. Nicholas Fitzgerald, M.L.C., representing the Government of Tasmania.

The Hon. Sir Henry de Villiers, K.C.M.G., and Sir Charles Mills, K.C.M.G., C.B., representing the Government of the Cape of Good Hope.³

The Hon. Thomas Playford, Agent-General, representing the Government of South Australia.

A. Lee Smith, Esq., representing the Government of New Zealand.

Sir Henry Wrixon, K.C.M.G., Q.C.; the Hon. Nicholas Fitzgerald, M.L.C.; and the Hon. Simon Fraser, M.L.C., representing the Government of Victoria.

The Hon. A. J. Thynne, M.L.C., Member of the Executive Council, and the Hon. William Forrest, M.L.C., representing the Government of Queensland.

¹ R., p. 25. The list is copied *verbatim* from the Report, on account of the interest attaching to the official designations of some of the members. The Canadian Cabinet Ministers were styled "P.C." by virtue of their office. But the Privy Council to which they belonged was not really the same body as that from which Lord Jersey derived his "P.C." Apparently Canada was the only Colony where the Cabinet was officially termed the Committee of the Privy Council. Later on (in 1897, *cf.* Chap. VIII.) the Colonial Premiers were made members of the British Privy Council.

² The British Government in 1894 had Lord Rosebery for Prime Minister.

³ The Cape delegates were joined later by Mr. Hofmeyr.

CHAPTER IV

A BATTLE OF GIANTS

“For upwards of twenty-five years, Sir Sandford Fleming has devoted his energies to the task of securing for Great and Greater Britain the advantages of a cheapened telegraph service. The bare recital of his efforts in this direction almost suggest the missionary fervour of St. Paul. He has, without hope of personal gain, visited five continents; he has traversed all the great oceans, the Atlantic many times; he has given himself, his time and his substance ungrudgingly and without stint to the service of the Empire, and in the realisation of his hopes, which I trust is not far off, and in the general recognition that the life of Britons all the world over will have been made the happier by his efforts, he will find at the appointed time his well-merited reward.”—EARL GREY, Governor-General of Canada, *replying to an Address from the Ottawa Board of Trade, Nov. 1907.*

THE second meeting of the Imperial Conference, at Ottawa in 1894, was a consequence of the informal resolutions passed in 1887, in support of the proposed Pacific cable. The developments to which those resolutions gave rise were characteristic of the Imperial movement generally. In one aspect, perhaps in the main aspect, history is the record of perpetual conflict between ideas and interests. The history of the Imperial movement is the record of the struggle between the grand conception of a beneficent United Empire and the vested interests of the commercial and political *status quo*. A special feature of the struggle over the Pacific cable is that in this instance the issue was more naked than usual; not obscured, as generally happens, in the bewildering variety of influences at work. The idea and the interest alike were sharply defined for all to behold who had eyes to see. On the one side, the idea

Vested
interests
v. the
Imperial
idea.

of a partnership of Governments for the purpose of bringing British peoples at opposite sides of the globe into closer touch by utilising to the utmost what science had shown to be practicable in submarine telegraphy. On the other side, the vested interest of a group of joint-stock companies,¹ which by dint of ability and enterprise had built up in that field a highly profitable monopoly embracing Asia, Africa, and Australasia, with ramifications to South America. It was the Empire against a powerful Trust. The dramatic aspect of the struggle was heightened by the circumstance that the idea and the interest alike were championed in the arena by an outstanding individual. For the Empire, Sandford Fleming, engineer, of Ottawa; for the Trust, John Pender, chairman (until July 1896, when he died, and was succeeded by Lord Tweeddale) of the Eastern Telegraph and Eastern Extension Telegraph Companies. It was a battle of giants, for a colossal stake.

Sandford
Fleming
champions
the one

Other prominent men contributed, of course, to the victory which the idea of Imperial partnership was destined ultimately to win in this, its first great campaign. But in retrospect Mr. Fleming alone appears to have been indispensable to the result. In default of him, who else was there competent and ready to carry through the heavy task of keeping the movement alive from Conference to Conference? Nor, to develop further the lesson of the story, has he thus made his place in Imperial history by virtue of exceptional endowments. He did not do it through command of money—though that may have helped him—nor through any transcendent gifts of brain or personality. Rather was

¹ For particulars of the associated companies see Appendix B to this volume.

it sheer tenacity and concentration of purpose, sustained always by the inspiration of the Imperial idea,

“ Firm to their mark, not spent on other things,
Free from the sick fatigue, the languid doubt
Which much to have tried, in much been baffled, brings,”

that prevailed at last against all the resources of the Trust.

Sir John Pender was fully equal to his antagonist in tenacity and ability; in material resources and social influence far superior; handicapped only by the unequal moral strength of ideas and interests which ultimately is decisive. But history will not be harsh on such champions of the worse cause. It is one of the conspicuous facts of human nature—it may be a failing or it may be a virtue—that men identified with vast commercial enterprises almost infallibly acquire a sincere conviction that the welfare of those enterprises is identical with the welfare of their country or of mankind. Contemporary life abounds in examples. Everybody knows that industrial or financial magnates are seldom actuated in their operations by any conscious desire merely to amass wealth for themselves or for their shareholders. The success and expansion of the business itself, as indicated by the annual balance-sheet, becomes their absorbing aim and controlling motive. It is thus that national prosperity is built up; and the motive at least is not sordid. In Britain the sinews of war for the defence of Free Trade are partly supplied by men whose patriotism may be beyond question, but whose convictions coincide remarkably with their profit-earning interests. While no prejudice should be felt against such men on that account, they must inevitably appear to a disadvantage when they are found to have opposed a project of public benefit with “expert” objections

and John
Pender
the other.

which retarded progress for the time being, but which the eventual result has failed to justify.

The
Trust's
plan of
campaign.

The 1887 Conference had brought the Pacific Cable so far within the sphere of potentiality that the Trust was now fully alive to the imperative duty of scotching it. The outlines of its plan of campaign have already been indicated. The public would be impressed with the unfairness of proposing to subsidise competition against the "pioneer" company, which had a claim for gratitude; and with the argument that a cable across the Pacific was neither Imperially necessary nor, according to expert opinion, even practicable. Meanwhile, taking advantage of the disunion of the Australian Colonies, the Trust would set about entangling them, collectively or singly, in such financial arrangements with itself as would deter them from supporting a rival line. It would exercise unremittingly those manifold arts of social and political wirepulling which are not conventionally included in "corruption," but which may be used with equal effect for the same kind of purpose. In the Australasian Colonies the problem of "what to do with our boys" is one which the Trust had, since the early days of its Australian enterprises, been instrumental in solving for many an eternally grateful parent. In London there were the good old prejudices to rely upon. The "private enterprise" which made England great was threatened by Australian "socialism." True, the chief beneficiary of that "socialism" had been this very Trust; but Englishmen need not be made aware of that. Then there was the ancient antipathy to those bumptious "Colonials," who presumed to teach British officialdom how the Empire ought to be managed. Absolutely dependent on the Trust for telegraphic connection with Australasia and the East, and in constant touch, therefore, with its leading representatives, Downing Street and Whitehall were not

likely to be left unimpressed with the "expert" objections to the Imperial project which the Colonies had fathered.

For taking the aggressive in behalf of his idea, or even for resisting the Trust's strategy of offensive defence, Mr. Fleming's resources were not extensive. Fleming's
resources. Even more than the consistent support of the Canadian Government his Imperialist faith, fortified by his Canadian experience of accomplishing the "impossible" in railway construction, was the backbone of his equipment. As far back as 1879, when the telegraph line in advance of the Canadian-Pacific Railway was being carried to the Pacific coast, he had suggested to the Dominion Government that, "as a question of Imperial importance," the British possessions west of the Pacific should be connected with Canada by a cable from the new Canadian terminus.¹ Originally his idea had been that of a company cable to Japan and China, with a branch to Australia; but subsequently he had perceived the superior public advantages of a State-owned cable direct to Australasia, aiming at low charges instead of dividends. An engineer by profession, he had been able to equip himself to speak with authority, though hardly that of a recognised specialist, on the technical aspects of the cable question; and he had mastered the art of lucid exposition on paper. He was thus able to keep the press and various public bodies supplied with a constant stream of technical literature to counteract the corresponding efforts of the Trust. By this means he succeeded in convincing an ever-widening circle of public opinion throughout the Empire that a cable across the Pacific was both practicable and desirable, alike for commercial, strategical, and social purposes,

¹ The idea of a trans-Pacific cable connection with the United States had previously been mooted in Australia (A. A., p. 7).

His disadvantages.

and that it ought to be established forthwith by the joint enterprise of the Governments independently of the Trust. But he was not well placed for counter-acting the attempts of the Trust to entangle the Australian Governments (who were always chafing under the excessive cable charges) in agreements for effecting a reduction of rates on the basis of the Governments guaranteeing the profits of the Companies. Having been identified as engineer with the Canadian-Pacific Railway Company, and later as a member of its directorate, the Australasian agents of the Trust could easily represent him as the tool of the great Canadian corporation, seeking to feed its transcontinental telegraph with lucrative traffic from a cable established at the expense of Australasian taxpayers. Were any answer still required to that imputation, it would be found in his subsequent advocacy of the nationalisation of a transcontinental wire in Canada for the service of the cable. For many years, however, the insinuation was effectively exploited in Australia. Least of all had Mr. Fleming, or any other "Colonial," any chance of coping successfully with the wirepullers in London. From time to time something mysterious would transpire, indicating plainly enough the kind of thing that was going on; but the "Colonials" could only protest to each other in impotent vexation.

He presses for the survey.

Mr. Fleming lost no time in following up the resolutions obtained in favour of the Pacific Cable project at the first session of the Imperial Conference. No sooner had the delegates dispersed than he addressed a letter (May 16, 1887) to the Colonial Office, enclosing a joint request from all the Governments of the self-governing Colonies that a thorough survey of the proposed route should at once be undertaken. The reply came that unless the Secretary of State had

reason to believe that the cable would shortly be laid, the Admiralty could not despatch a special vessel; but that they would endeavour to arrange for soundings to be "gradually obtained in the ordinary course of hydrographic survey." This was hardly encouraging. As Mr. Fleming hastened to point out, the question of whether the cable would shortly be laid depended primarily on the question of the practicability of the route, which had been disputed by the official experts and others. The Colonial Office then explained that there was no prospect of funds for the cable unless the Colonial Governments would assume the whole liability, which they seemed indisposed to do, and that in the circumstances the survey could not be accelerated. Meanwhile the Government of India, having again been consulted, declared their inability to offer any subsidy for a line which, however great its general importance to the Empire, would bring no direct advantage to India, but would reduce the revenue earned by her land telegraphs from the existing route of Australasian traffic.

But in Canada Sir John Macdonald's Government were not disposed to relinquish the project. They offered to divide with the British Government the cost of a survey.¹ At the end of July 1887, the Governor-General wrote that his Ministers were ready to guarantee £7,500 a year, being one-tenth of the subsidy now estimated as necessary by the Pacific Cable Company, if the other Governments would contribute the remainder, and suggesting £37,500 as Britain's share. On the Colonial Office pointing out that there was a deadlock about finance, the British Post-Office being unwilling to join in subsidising a company, the Canadian Government continued to press for the survey. In January 1888, a resolution

Canada offers to share cost of survey.

¹ R., p. 85.

was passed at an intercolonial postal conference at Sydney, requesting the British Government to undertake the survey at the joint expense of the United Kingdom and the Colonies concerned. In April the Colonial Governments were informed by Lord Knutsford (Sir Henry Holland having been made a peer) that H.M.S. *Egeria* was about to sail from Sydney to do surveying work among the Pacific Islands, and had been instructed to obtain deep soundings, which would "in two or three years" furnish a certain amount of "preliminary" information useful to a proper survey of the cable route. More than this "My Lords"—*i.e.* the Admiralty, who at intervals seem to usurp the function of the Cabinet in determining questions of Imperial policy—would not do, unless informed that the money for the cable was in sight, and that "time was of importance in Imperial interests." The resistance of the Trust continued to be abetted at Adelaide, the Government of South Australia being ever mindful of their interest in the existing monopoly. In September the Governor forwarded a communication from Mr. Todd, their Postmaster-General, arguing against the project on the familiar grounds that the depth of the proposed route was prohibitive, being "estimated at 12,000 fathoms in some places," that for the same reason the cable would be more liable¹ than the

¹ This is the opposite of the usual view. On the strategical value of cables, and comparative security of deep-sea cables, *cf.* the following testimony of an American naval officer: "The story of the Spanish-American War is largely a story of 'coal and cables.' . . . The nation, with exclusively controlled submarine communications, not possessed by an adversary, has an organised service of surveillance which is not only important during actual war, but which may and will prove a powerful weapon in the diplomatic and preparatory conflict which always precedes a declaration of war; and these communications are a means of securing a first real victory, even before war has been formally declared. . . . It may be said, therefore, that the very foundation of successful naval strategy is efficient and exclusively controlled communications, and the lack of them more serious than inferiority in ships. . . . It

The
Egeria
receives
instructions to
survey.

existing lines to irreparable damage by an enemy in war, and that the existing lines were more than equal to the demands of the traffic. The South Australian Cabinet had resolved, therefore, not to take any share in the cost of the survey. Meanwhile the Canadian Government had sent an envoy to Australia to make inquiries, and on receiving his report they resolved (November 1888) to invite the Australasian Governments to a conference on the question of telegraphic communication and trade relations generally. This was the genesis of the Imperial session at Ottawa. The meeting was not destined, however, to take place for some years yet.

Conference
at Ottawa
proposed.

The Australasian Governments, though agreeably disposed, desired further information, and suggested that the Conference might meet more conveniently in Australia than in Canada. In anticipation of the event the Canadian Government had already named as their representative one of their number, Mr. J. C. Abbott, who at once proceeded to London. Writing to the High Commissioner, he pointed out (October 1889) that the *Egeria* was reported to be making surveys east of Honolulu, where the work had already been done by the Americans, instead of on the less explored sections of the proposed route. But the

appears that the searching for deep-sea cables in the high seas in time of war, without an accurate chart of the location of the cables, is a difficult and very doubtful operation. . . . A ship engaged in such a search must carry a moderate supply of spare cable and machinery for laying and picking up cables, as well as instruments for testing and operating a cable, and the buoys suitable if necessary for buoying the cable and operating the ship as a floating cable-station. It is unnecessary to state that her personnel must be specially trained in the highly technical duties required, and, from actual practice in all the operations necessary, be made ready for the performance of their duties efficiently under the modern conditions of war. . . . It may be said at present that no modern fleet is complete without a cable-ship especially adapted for cable operations in time of war." (From "The Influence of Submarine Cables upon Military and Naval Supremacy," by Lieut. G. O. Squier, U.S.N. Quoted by Mr. Bright in *Quarterly Review*, April 1903, p. 375, from *Proceedings of the U.S. Naval Institute*, vol. xxvi.)

Admiralty seem to have been to all intents and purposes hand in glove with the Trust. Again assuming control of Imperial policy, they declined to anticipate the time when, "in the ordinary course," the *Egeria* would go northwards. Mr. Abbott's mission was not prosecuted. In Australasia the Federal movement had been gaining impetus under recent events in the Pacific. A convention was to be summoned to draft a National Constitution (eventually known as the Bill of 1891); and it was felt that it would be premature to arrange a special partnership for the purpose of the Pacific Cable scheme when a complete federation of the Colonies was impending. Other aspects of the policy continued, however, to receive practical attention at Ottawa. In 1889 an Act was passed authorising a subsidy of £25,000 a year for a regular steamship service between British Columbia and the Australasian Colonies. In 1893 this was established, with monthly sailings from Vancouver to Brisbane and Sydney, *viâ* Honolulu and Fiji.

Vancouver-Sydney steamship service started.

Meanwhile Sir John Pender had been writing to the Colonial Office deploring the iniquity of those who, "to benefit their own private interests," were seeking a subsidy for an enterprise which would break into the monopoly enjoyed by his own Companies. And when a breakdown in the Company's New Zealand section drew attention to the necessity of duplicating the line, he wrote to threaten that this would not be done unless the Governments would guarantee them against the proposed competition. The threat was ignored by the Governments, but the duplication was carried out. Already the Trust had succeeded in gaining three years' respite from the invasion threatened in 1887. In June 1890, Mr. Fleming once more wrote to the Colonial Office, protesting

against a proposal made by the Eastern Extension Company that the British and Australasian Governments should combine to obtain a reduction of rates for ten years over the existing route by guaranteeing a minimum volume of traffic. The scheme, which was plainly intended to knock the Pacific project on the head, would have involved a liability estimated at £54,000 a year. Mr. Fleming pointed out that a subsidy of that amount, with the addition of a Canadian contribution, would suffice to procure the Pacific cable, of which he again emphasised the superior advantages. The new route would be all-British; it would enjoy the security in war of the British flag and deep water; it would afford an alternative line of communication with India; and it would link Canada to Australasia, taking in isolated Fiji and promoting British commerce on the Pacific. If time were important the right policy, he argued, would be to accelerate the survey. The British Government had already decided that they would not be parties to the Trust's proposal, but Mr. Fleming's letter had the effect of keeping his project alive at the Colonial Office. Thither he forwarded an instructive letter which he had received from Sir John Pender, in which the chairman of the Trust wrote:—

The Trust
makes a
proposal.

“If the various Governments interested are determined to have a line across the Pacific, and are prepared to incur the requisite expenditure for the purpose, I am quite ready, as I have always told you, to co-operate in carrying out the work on fair and reasonable terms, and in this way the object might be attained more easily and economically than if third parties were employed. . . . I am looking forward, if spared, to visiting Hong-Kong next year, travelling through Canada by the Canadian-Pacific line, when I hope to inspect that wonderful undertaking in which

you have played such a prominent part, and at the same time to discuss with you the best means of establishing closer telegraphic communication between Canada and the Australasian Colonies when the time is ripe for carrying out the work." (R., p. 318.)

In his reply Mr. Fleming expressed his gratification that Sir John Pender was coming to realise the necessity of a Pacific cable; and he added that in his own opinion the Governments, if they consulted economy and efficiency, would

"act wisely in making the work a public undertaking, and in retaining it in their own hands under an efficient management." (*Ibid.*)

Tying
Australia's
hands for
ten years.

While it failed to draw the British Government into financial partnership, the Trust managed to entangle all the Australasian Governments except those of Queensland and New Zealand. Under the terms of a ten-year contract, which would not expire until about 1900, the rates to England for ordinary, Government, and press messages respectively were to be reduced from 9s. 4d., 7s. 1d., and 2s. 8d., to 4s., 3s. 6d., and 1s. 10d.; the Governments agreeing to make good one-half of any diminution which might ensue in the Company's receipts. Although the volume of traffic at once increased to the extent of over 50 per cent., the guarantee involved the Governments in a payment for the first year of £27,520. Such a result, coinciding with the financial depression, induced the Governments to ask for another readjustment. Official and press messages continued to enjoy the scale agreed upon; but ordinary messages were to be charged at the rate of 4s. 9d. a word, instead of 4s. By this revision the payment under the guarantee was reduced in the second year to £21,778. Clearly the Governments could not now promote a competitive

line without increasing their liability to the Trust in proportion to the success of its competitor.

Yet Mr. Fleming was undaunted. In 1892 he succeeded in getting the Associated Chambers of Commerce of the United Kingdom to pass a resolution in favour of the project. Afterwards the Ottawa Board of Trade took similar action with the renewed support of the Dominion Government. The resolution of the Ottawa business men pressed for the appointment of an Imperial Commission "to report on the best means of bringing within the freest telegraphic circuit all British communities around the globe." Already, therefore, the project of a Pacific cable had expanded in its author's mind into that of a complete electric girdle for the Empire.

But the course of events had taken an unfavourable turn. The cloud of financial depression had settled on Australasia, compelling its Governments to rigid economy. In Downing Street a Liberal Government had been installed, with the Marquis of Ripon at the Colonial Office. The new Government, wrote the Colonial Secretary to the Governor-General of Canada, took "a great interest" in the cable scheme from a "strategical point of view," and would like to see the Colonies combine to carry it out. The British attitude was therefore unchanged. But Lord Ripon had been well coached as to the difficulties in the way, which he hinted were insurmountable. He had even been informed, apparently, that the postponement of the Canadian-Australian Conference was on account of the "inherent difficulties attaching to the enterprise." Having been persuaded to inquire of the Admiralty how the *Egeria* survey was getting on he learnt (March 1893) that owing to "press of circumstances" the

Ottawa
Board of
Trade
moves.

Lord
Ripon's
blessing

vessel had been withdrawn three years since, and that consequently

“as much progress in gaining knowledge of the depths that might be followed by a cable as was at one time hoped for has not yet been accomplished.” (R., p. 324.)

It had been ascertained, however, that as far as Fiji the ocean-bed was a good one; though to the north of that point depths of “over 3 miles” and uneven bottoms might be “assumed with a fair degree of certainty.”

The New
Caledonia
scheme.

Early in 1893 a new factor of disturbance arose. In May the Governor of Victoria wrote to complain that Queensland and New South Wales had entered into a contract with a French firm, the Société Télégraphique, for the laying of a cable to New Caledonia with a view to its future extension to America. The argument in favour of the scheme was that it would help to prevent the landing in Australia of convicts from New Caledonia, which was a French penal settlement, and that the ultimate extension to San Francisco would break the Trust's monopoly.

The interests of the new scheme were strenuously advocated by Mr. Audley Coote, representing the French Company in Australasia. It was impossible, he declared, to lay any cable across the Pacific without somewhere going outside the sphere of British influence. At a postal conference held at Brisbane in March, the contracting Governments warmly defended their action, arguing that it did not prejudice the scheme of a trans-Pacific cable to Canada, which was again endorsed by resolution. But the other Governments do not seem to have been persuaded that the New Caledonia cable would meet the acquirements of an Imperial line, while it did appear likely to retard the realisation of the 1887

project. Their disquietude was shared in Downing Street, whence Lord Ripon despatched a circular letter to the Australasian and Canadian Governments:—

British Government deprecate foreign assistance.

“ . . . Her Majesty’s Government share the views expressed by the Victorian Government that inconvenience, loss, and indeed danger to both Colonial and Imperial interests might arise in time of war if the Pacific Cable passed through New Caledonia, and they cannot, from an Imperial point of view, regard with approval an arrangement under which such cable would touch foreign territory.” (R., p. 335.)

In Canada the death of Sir John Macdonald¹ and the accession of Sir John Thompson to the Premiership had made no difference to the unswerving attitude of the Dominion Government. Without delay Mr. (afterwards Sir) Mackenzie Bowell, then Minister for Trade and Commerce, was sent to Australia, accompanied by Mr. Fleming (at his own expense), for the furtherance of commercial relations. The mission was eminently successful; the Australian Governments agreeing to send delegates to a conference at Ottawa for the purpose of discussing trade relations and telegraphic communication between the two countries. In a memorandum on the proposed British Pacific Cable, again submitting estimates of cost and revenue, Mr. Fleming argued that the subsidies then being paid in Australia alone to the Eastern Extension Company would suffice to maintain a Pacific line with much lower rates of transmission. As to the proper method for the undertaking:

Canadian mission to Australia, 1893.

“There are two ways in which the object may be accomplished. First, through the agency of a Company liberally subsidised. Second, as a public work under Government control. I have given this question much consideration, and year by year I have become more

Advantages of State ownership.

¹ May 29, 1891.

and more firmly convinced that if economy, low rates for telegraphy, and the highest efficiency be desired, the latter means of establishing the cable is the best. Promoters of companies generally desire to make large sums of money. The policy of companies is to obtain from the public as large profits as possible, while that of the Governments is to accommodate and benefit the public in every possible manner by reducing the rates to the lowest practicable point, and by giving the most efficient service. The principle of ownership of telegraphs by Government is not new. It has long been adopted in the United Kingdom, in India, in these Colonies and elsewhere, and in every case I am aware of, where the principle has been tried, the public have derived the greatest advantage." (R., p. 339.)

Writing later on (November 6, 1893) to the Canadian High Commissioner, he complained that reports hostile to the Pacific Cable project had been received by the Australian Governments from the British Post Office and Admiralty, an unfortunate coincidence which seemed to point to the influence of the Trust.¹ The documents which had thus been timed to arrive so as to disconcert the Canadian mission were afterwards published in the report of the Ottawa Conference.² It appears, moreover, that they had been sent out in reply to a request from the Canadian Government that the Colonial Office would assist the mission.³ The Hydrographer's report was dated from the Admiralty, February 28, 1887, with "figures corrected to 1892," which seems rather curious, as there are no figures in it except those relating to distances between points and the estimate of cost (£2,000,000). From the date it would appear to have been prepared in anticipation of the first Conference, though the Colonial Governments do not appear to have seen it until 1893. Criticising "the

¹ R., p. 346.

² R., pp. 283-5.

³ A.A., p. 303.

roseate view expressed by the promoters on the question of laying the cable," the Hydrographer observed that "very few soundings" existed on "the actual line proposed," that "the soundings near this line show that the depth would be unusually great"; that "the probability of sudden inequalities of the bottom is very great in such an island-studded sea"; and that even if the cost were no more than £2,000,000, "it is more than doubtful whether it could possibly be made to pay," especially as the line would have to be duplicated if it was to succeed commercially. He therefore concluded :

Admiralty
"expert"
condemns
project.

"If the Government is to aid in a substantial manner any scheme for multiplying the lines of communication to Australia it should be in the direction of triplicating, by means of sea cables, those portions of the existing route which are now duplicated by foreign land lines." (R., p. 284.)

Why, the "Colonials" could not help asking each other, were the British officials always so biased in favour of the Trust?

The report of the Postmaster-General (July 5, 1893) was hardly more encouraging. He feared that the unprecedentedly long section of cable from Vancouver to Fanning Island, which could not be avoided if the line were to be restricted to British landing-stations, would necessitate so heavy a cable that the total expense would be little short of £3,000,000. Whereas the section (already surveyed) from New Zealand to Fanning Island would require only 130 lbs. of copper and 130 lbs. of gutta-percha to the knot, the section from Fanning Island to Vancouver would require 940 lbs. of each. But the heaviest existing cable contained only 400 lbs. of each :¹

British
Post Office
follows
suit.

¹ The cable actually contains 600 lbs. of copper and 340 lbs. of gutta-percha per nautical mile.

"It may well be doubted, therefore, whether with existing appliances the Vancouver-Fanning section could be either laid or maintained. . . .

"As to the financial aspect . . . there might thus be an annual expense of £227,164, as compared with a revenue of £70,000, leaving a deficiency of £157,164 to be made good by subsidies.

"Her Majesty's Government give no subsidy in respect of the existing cables.

"If it were not necessary to land the cables in all cases on British territory, a line of communication between North America and Australasia might be established for a smaller sum. Thus the first section might be laid from Vancouver, or from San Francisco, to . . . the Sandwich Islands."

No
neutrality
of cables
in war.

He went on, however, to dissipate one fallacy which had appeared to influence the Governments of New South Wales and Queensland in making their contract with the French company for the new Caledonia cable as the first section of a line to San Francisco:

"It seems unnecessary, from the point of view of Imperial interests, to go further into this plan, but it may be well to refer to a misconception on the part of some of those with whom it finds favour. Met with the objection that a cable landed on foreign territory might be of little use for the defence of the Empire, they reply that the difficulty is provided for by an International Convention under which all cables are made neutral in time of war. This is not the case. The only International Convention relating to the protection of submarine cables is that which was made at Paris on the 14th of March 1884, and if reference be made to the copy of the Convention annexed to the Submarine Telegraph Act, 48 & 49 Vict. c. 49, it will be seen that it contains no provision for the neutrality of cables." (R., p. 285.)

Possible
stations
for the
first span.

Fanning Island is a desolate rock lying in mid-ocean, far to the south-east of the Hawaiian, or Sandwich group of islands, of which Honolulu is the

capital. It had been annexed by the British Government in 1888, after the first Conference, as one possible station for the proposed cable. But whereas Honolulu was only 2280 knots from Vancouver, Fanning Island was no less than 3232. The British Postmaster-General had now endorsed the "expert" argument of the Trust that for a single span this distance was practically prohibitive. Accordingly Mr. Fleming and his friends felt obliged to concentrate upon the possibility of securing some island nearer Vancouver to form the first midway station; but British control was imperative. At one time it was thought that an islet called Johnson Island might become available. It, too, had been formally annexed, in 1892, but had been abandoned in deference to claims made by both the Hawaiian and the American Governments. One of the several routes proposed by Mr. Fleming, and the best according to the map, brought the cable direct from Vancouver to Necker Island, a distance of 2431 knots. Necker Island was another desolate and uninhabited little rock, with an area of less than about half a square mile, lying in solitude some 240 miles from the Hawaiian group and over 400 miles west from Honolulu. There was no information about its natural resources, no living man being known ever to have set foot on it. Politically, it appeared to be no-man's land. The nearest approach to a claim by any Government consisted in the fact that the islet had been mentioned, as a useless-looking place, by a certain Captain Patey, who in the middle of the century appears to have been sent on roving commissions by the Hawaiian monarch to sweep into his empire any loose islands that might be discovered within range. But Captain Patey did not land on Necker Island, and no formal annexation had ever been made.

Necker
Island.

Annexa-
tion urged.

In these circumstances the High Commissioner for Canada and the Australian Agents-General were instructed to combine in urging the Imperial authorities to annex Necker Island without delay, in order that when the Conference assembled at Ottawa the question of whether this route was available or not might be finally answered. Mr. Fleming was sent to London to assist. On January 12, 1894, they had an interview with the Colonial Secretary. They do not seem to have been aware at the time, nor does he appear to have told them, that a few weeks previously, on December 23, 1893, a despatch had been sent to Ottawa informing the Dominion Government that Lord Rosebery, who was then at the Foreign Office, had decided to "defer action in the matter, pending the establishment of the Government of Hawaii on a more permanent footing."¹

The position in Hawaii was that the native dynasty had been overthrown on the death of the King, and a Provisional Government established through the intrigues, it was said, of the American faction. As a result of the interview at the Colonial Office, Sir Charles Tupper felt able to report to his Government that Lord Ripon "seemed to be much impressed with their representations, and had promised to consult the Foreign Office about taking action."²

The Conference was due to meet towards the end of June, 1894. Yet by the beginning of May no intelligence had reached Ottawa that the Foreign Office had taken any action. Instructed to make inquiries, the Canadian High Commissioner learnt that Lord Rosebery had

"expressed his desire to do anything possible in the premises; that Her Majesty's representatives at Hono-

¹ A. A., p. 126.

² *Ibid.*, p. 128.

lulu had been requested to watch the matter closely; but he thought it undesirable, in view of the disturbed relations in the Sandwich Islands, that any definite steps should be taken for the present." (A. A., p. 128.)

In this crisis Mr. Fleming, anxious above all things that progress at the Conference should not be blocked by uncertainties, remembered the remark of a high military official whom he had lately met that the way to get Necker was "the way we got Perim"—annex first and acquaint the Government afterwards. Secretly, on his own responsibility, he now engaged a retired naval officer to proceed forthwith to Honolulu, there charter a steam vessel, find Necker Island, make a sketch, take soundings, plant the British flag, and be back in Canada by the end of June. This arranged, Mr. Fleming departed from the best practice by allowing the British Government to be informed of what was impending. He wrote from Ottawa to Sir Charles Tupper¹ explaining what he had done, in order that the High Commissioner might be able if necessary to put British Ministers in possession of the facts. On the last day of May he received a cablegram from Sir Charles Tupper, who had communicated to the Foreign Office the substance of his letter:

Fleming's
plan to
annex
Necker.

"Rosebery much annoyed at action. Will repudiate. Fears will destroy good prospect of obtaining Necker. Prevent action becoming public, if possible."
(*Ibid.*, p. 133.)

Meanwhile the secret emissary had landed at Honolulu on May 24th, and had at once got into touch with the agents who had been instructed in advance, *viâ* San Francisco, to find a suitable vessel

The
scheme
miscarries.

¹ A. A., p. 133.

for a cruise among the islands. Through them he discovered that the British Government had already recognised the Hawaiian claim to Necker Island, and that further negotiations with the Provisional Government were then pending. The British Government, it appeared, had some weeks previously asked the Provisional Government for permission to land a cable on Necker. The Provisional Government had replied by asking for further particulars of the proposal; and were still awaiting an answer. Such being the actual position, Mr. Fleming's emissary realised that his mission was futile, and that there was nothing for it but to return to Canada. But the vessel which the agents had selected for him was within a few days chartered instead by the Hawaiian Government. With officials on board she steamed straight for Necker Island, where the party landed and formally proclaimed Hawaiian sovereignty.

Rosebery's
incom-
petence.

In view of the sequel, which may now be told in anticipation, Lord Rosebery does not seem to come well out of this interesting episode. As an Imperialist of a kind he was, no doubt, sincerely anxious to help the Pacific cable to success. But in his diplomacy he made the mistake of not taking at least the Canadian Government, who were leading the movement, into his confidence. After hesitating up to the last moment, as appears from the foregoing narrative, he had resolved to try to get Necker Island. But before deciding that the best way to go about it would be by recognising the problematical sovereignty of the Hawaiian Government¹ and then negotiating for a transfer, he ought to have made more sure of his ground. After the Conference was over he agreed to a mission being sent, consisting of Mr. Fleming

¹ Cf. R., p. 118.

and Mr. Mercer (of the Colonial Office), to negotiate with the Provisional Government. The envoys came to a satisfactory arrangement. Being exceedingly anxious to get the cable connection, the Provisional Government offered a subsidy of £7000 a year; or, alternatively, to make over to the British Government either Necker or some other suitable islet. Only then was it discovered, apparently, that under their Reciprocity Treaty with the United States the Hawaiians would have to seek permission at Washington to carry out the arrangement. Thus the proposal had to come before the American Senate, which, with its accustomed friendliness, declined to sanction it. There the matter ended. Within a few years the Stars and Stripes were floating over Honolulu (August 12, 1898). But up to the time of Lord Rosebery's overtures, Hawaii seems to have had no substantial claim to Necker; as indeed was admitted by sending an expedition to annex it after the negotiations had begun. Had Lord Rosebery done nothing, Mr. Fleming's daring expedient might have succeeded. But having decided at last to do something, the Foreign Secretary ought to have acquainted the Canadian Government.

At the High Commissioner's suggestion the Admiralty were asked to furnish the Canadian Government with further particulars of the *Egeria* survey, including the date when the vessel was withdrawn and a copy of her instructions in regard to the work. Their lordships, however, did "not propose to communicate the text of the *Egeria's* instructions for the information of Colonial Governments." With this anti-Imperial snub the Canadian Government had to abandon their curiosity as to how far the survey had deliberately been retarded by action in Whitehall.

The
Egeria
mystery.

A public-
spirited
Trust.

In January 1894 Sir John Pender sent another memorandum to the Colonial Office, urging that if a Pacific cable were really required and the Governments were willing to pay for it, his Company should be entrusted with the work. Criticising Mr. Fleming's figures and proposals he again advanced the plea, in effect, that the Trust was primarily a public-spirited rather than a profit-earning corporation :

“It is difficult to conceive that either the Home or Colonial Governments would act so unfairly towards the pioneer company, to whom they are so much indebted, as to enter into unnecessary and ruinous competition with it. Not only would it be a complete reversal of the policy they have hitherto pursued towards submarine telegraphy, but it might result in so weakening the company that in times of political trouble it would be unable to efficiently maintain the service.” (R., p. 349.)

The last argument, it may here be noted, really affords an additional reason for transferring the ownership and management of the main systems of telegraphic communication within the Empire to the Governments of the Empire.

Instruc-
tions to
Conference
at Ottawa,
1894.

In February 1894, the invitations for a conference in June were despatched from Ottawa. Besides the Australasian Colonies Fiji was invited—its Australasian affiliations having already been recognised in the recent federal conventions—and also Natal and Cape Colony, whose representatives in 1887 had shown so keen an interest in the Imperial principle of the Canadian-Australian projects. In anticipation of the meeting Sir Charles Tupper wrote to the Colonial Secretary informing him that in conjunction with the Agents-General of Australasia (excepting South Australia and Western Australia), Cape Colony,

and Natal, he desired to wait upon him in order to urge the importance of promptly acquiring Necker Island as a station for the proposed Pacific cable; to ask the British Government for financial co-operation; to urge the importance of a steamship connection with England by way of the Atlantic, Canada, and the Pacific, and to ask for an amendment of the British law concerning customs duties in Australia so as to enable the Colonies there and elsewhere to give each other preferential treatment in their tariffs.

Yet another Australasian postal convention, sitting at Wellington early in 1894, strongly advocated the Pacific cable, though committing itself to methods of carrying out the work—through a company on a guarantee basis—which did not command universal assent. Following what had been their established rule since 1887, the South Australian Government refrained from voting on the question.

Postal Convention in New Zealand.

As the Conference became imminent, final appeals were made by the Trust to the Colonial and India Offices. Sir John Pender went so far as to request Lord Ripon that the Imperial delegate might be instructed to look after the interests of the existing cable companies; evoking a somewhat tart, if not delphic, reply from the Minister's secretary:

Privilege refused to Trust.

“I am to suggest that any representations which your Company may desire to place before the Ottawa Conference should be made direct, in which case his Lordship feels sure that they will receive the attention they may deserve.” (R., p. 374.)

The Earl of Jersey, who had achieved success as Governor of New South Wales, was appointed to attend the Conference on behalf of the British Government. His instructions were indicated in the Colonial Secretary's letter to the Governor-General, Lord Aberdeen:

Jersey to represent British Government.

“Lord Jersey’s duties will be to hear and report what passes and to give information to the Conference on matters of fact ; but it will not be in his power to bind Her Majesty’s Government or to express views on their behalf, as they must reserve any expressions of opinion on the subjects discussed at the Conference until they have before them the report of the proceedings and the resolutions which may be arrived at.”
(R., p. 372.)

CHAPTER V

INTERCOLONIAL PREFERENCE

ALTHOUGH the Conference had been called specifically to discuss commercial relations between Canada and Australasia, all the self-governing Colonies were represented excepting Western Australia, Newfoundland, and Natal. Letters of apology were received, regretting that State business precluded their attendance, from Western Australia and Fiji, the Governor of the latter Colony expressing cordial sympathy with the objects in view. Newfoundland presumably had not been invited. Natal regretted that she was prevented by the pressure of business attending the assumption of responsible government. The special circumstances of the invitation to the South African Colonies have already been explained.

Inevitably the atmosphere of the situation, when once the delegates had met together, produced a general feeling that the Conference was indeed an Imperial rather than a merely intercolonial affair. The Australasian delegates had been able to travel across the Pacific, instead of *viâ* Europe or the United States, by the newly-established British line of steamers to Vancouver, and thence by the Canadian-Pacific Railway, which was still an astounding novelty to the elders of that generation. The coming together in Canada—the “half-way house” of the Empire, as Lord Jersey described it—of South African and Australian statesmen, far away from the capital city of the Empire, could not fail to awaken a sense of the hitherto unrecognised vitality of the Imperial

Assembling of Conference, 1894.

An Imperial atmosphere.

organism. Sir Henry de Villiers (C.C.), the Dutch South African, remarked :

“This Conference will not be more memorable for its immediate practical results than for the great precedent in political action which has been established here. It is the first occasion upon which representatives from every part of the British Empire have met together, not in London, but in one of the Colonies, and have been joined by a representative from Great Britain to discuss questions of interest common to them all. To-day the question is the comparatively humble one of the commercial interests of the different portions of the Empire. At another Conference the question may be the defence of the Empire, and yet at another the question may be the federation of the different portions of the Empire. A great responsibility therefore rests upon the delegates here assembled to conduct our proceedings in so practical and sensible a manner that the Ottawa Conference may hereafter be regarded as an example to be followed, and not as a danger to be avoided.” (R., p. 43.)

In the formal preliminary speeches Lord Jersey and more than one of the Colonial delegates recalled the Colonial Conference of 1887 and the hopes then expressed that it would prove to have been the first of a long series. It is interesting to note the attitude of mind. Instinctively, no doubt, a distinction was drawn between the “Imperial” Conference (as Mr. Playford¹ differentiated the 1887 meeting) and the present one, which was not being held under the ægis of the British Government. But the equally instinctive tendency to regard it as number two of the Imperial series may be detected in the fidelity with which, so far as circumstances permitted, the precedents of 1887 were followed and repeatedly quoted. The modern conception of the Imperial Con-

¹ R., p. 57 ; cf. *infra*, pp. 183-84.

ference, as a meeting of Governments as such to discuss Imperial affairs in general, had not yet emerged. As in 1887, the point of view was departmental rather than national. In 1887 the departments mainly concerned were the Colonial Office, as a matter of course, and the Admiralty owing to the particular nature of the business. At Ottawa there was no special department charged with Canada's external relations; but there was a department of Trade and Commerce, and trade relations were the primary subject for discussion. Accordingly the Minister for Trade and Commerce, then Mr. Mackenzie Bowell, was voted to the Chair; which had been taken in 1887 by the Colonial Secretary of the British Government. Just as Lord Salisbury had opened the proceedings in 1887, so the Prime Minister of Canada, Sir John Thompson, gave a preliminary address in 1894, signifying the national as distinguished from the departmental interest of the event. Sir John Thompson was, however, preceded by Lord Aberdeen, Governor-General of Canada, who was the obvious person to open the Conference. Obvious, that is to say, from a Canadian standpoint: but if it is obvious that the viceroy should open the Imperial Conference in an overseas capital of the Empire, is it less obvious that the Sovereign himself, the sole representative of the Empire as a whole, or else a special viceroy for the occasion, should open the Imperial Conference in London?

Prime
Minister
attends.

Session
opened by
viceroy.

Already the character of informality, which was deemed so important by the original founders in 1887, was giving way to the idea of the Conference as a strictly ministerial assembly. In 1887 it was expressly intended that the delegates should speak in their individual capacity, as general representatives of their respective Colonies, and for the people rather

Government
representatives only.

than for the Governments. The Colonial Governments were accordingly invited to nominate distinguished citizens, not necessarily politicians. But of the delegates at Ottawa in 1894 only two were not either Ministers or other party members of a Legislature. Mr. Fleming was associated with the Canadian delegates for the sake of his special knowledge of the cable question. But Mr. Mackenzie Bowell was careful to explain¹ that Mr. Fleming, though he would open the discussion, would not propose any resolution, because he was "not in a position to pledge any Government," thus implying that normally delegates would be in a position to pledge their Governments. Mr. Lee Smith, the sole representative of New Zealand, explained his own appointment :

"Sir, my Government have looked upon this Conference entirely as a commercial one. I cannot claim, as many of my brother delegates can, any political position. My Government have chosen me as a purely commercial man." (R., p. 45.)

And in that capacity he proceeded to refer to the cable proposition as the "natural corollary to a mail service" between Canada and Australasia.

Admission
of out-
siders.

Thus rapid was the tendency of the Conference to become one of Governments. Among those who came to Ottawa for the purpose of looking after particular interests was a delegate from the Chamber of Commerce at Honolulu, in connection with the question of the route to be followed by the Pacific cable, the Hawaiian or Sandwich Islands not yet having been annexed by the United States. But the only non-delegate who, after the question had been considered,² was allowed to be present throughout the proceedings

¹ R., p. 58.

² R., p. 60.

was Mr. Mercer of the Colonial Office, who, as Lord Jersey explained, was there "for the purpose of giving information." It was felt that his position was exceptional. Lord Jersey's own position corresponded to that assumed for the Secretary of State by the Colonial Office in 1887 and maintained by it for many years to come. He was not exactly an ordinary member of the Conference, but rather an official and privileged spectator, watching the proceedings in the interests of a Government which was suzerain of the other Governments rather than their equal associate.

British
delegate's
position.

The same tendency of development appeared when the question of resolutions came up. In 1887 the principle of resolutions was deprecated, apparently lest the introduction of them should render the Conference too formal, if not embarrassing to the Governments concerned. But at Ottawa, 3000 miles away from the shrine of the Free Trade fetish, it seems to have been taken for granted that there would be resolutions. The only question raised was as to the mode of voting, the several delegations being unequal in numerical strength. At once it was decided that the voting should be by Colonies; and thus another precedent was smoothly established.

Resolu-
tions and
voting
power.

Again following the precedent of 1887 the President opened the session with an address explaining the principal subjects for discussion, and a review of their history. Preferential trade (by this time a recognised expression) and cable communications, having been particularly indicated in the circular of invitation, naturally received the foremost attention. The President referred besides to the question of copyright law, in regard to which the Canadian Government had lately been corresponding with the British authorities. In conclusion he left

President's
address
—the
Agenda.

“for those specially interested therein the presentation of other subjects of interest to individual Colonies, some of which may prove to be even greater factors in the working out of the paramount problem, that of the consolidation by the drawing together and binding more closely on the basis of the greatest good to all of the geographically separated portions of the one great Empire.” (R., p. 56.)

Publicity. It was decided that a printed copy of the address should be circulated at once for reference, and that the delegates should forthwith give notice of the resolutions or amendments they intended to propose. As in 1887, an official report of the discussion was to be taken by the President's secretary and laid on the table next day, and would be revised by members of the Conference for eventual publication. Meanwhile all representatives of the press were to be referred to the President, who would give or withhold information at his own discretion.¹

As in 1887, the Conference opened with a series of formal speeches in response to the addresses of the viceroy and the Prime Minister. After Sir John Thompson Lord Jersey spoke, and was followed by the delegates in the order of seniority of their respective Colonies. At the next meeting business began.

Comme-
moration
of first
trans-
atlantic
steamship
voyage.

An interesting ceremony, for which the occasion was deemed appropriate, was the unveiling of a brass tablet which had been placed in the corridor of the Parliament buildings at Ottawa to commemorate the voyage of the *Royal William*, the first steamship to cross the Atlantic. This vessel, which was built in Canada, sailed from Quebec in 1833. She was thus, Lord Aberdeen said, “the pioneer of ocean steam navigation, the development of which has rendered

¹ R., pp. 59-61.

the Conference possible." Among those invited to be present were Mr. Gustavus Wicksteed, who had seen the *Royal William* launched sixty-three years before, and Mr. Horace Wicksteed, who boarded her on her arrival in England and dined with the captain. Such, within the lifetime of adults still living, had been the revolution in the enabling conditions of Imperial union.

In regard to Preferential Trade, the seed of ideas which had been sown in 1887 had in the interval been rapidly maturing, especially in Canada, where the burning political question had lately been the issue between "unrestricted reciprocity" with the United States and closer union of the Empire. In 1890 the Canadian High Commissioner and the Colonial Agents-General had joined in petitioning the British Government for the speedy termination of the treaties with Belgium and the German Empire which forbade British Colonies to levy higher duties on the imports of those countries than on the corresponding imports from Britain. They asked, further, that in future no commercial treaty should be made binding on any Colony without its express consent. Though the British Government were not prepared to terminate the obnoxious treaties, the petitioners learnt—apparently for the first time—from the reply of the Colonial Office that a provision safeguarding the Colonies in the manner suggested had "been inserted in the more recent commercial treaties for many years past," and was not likely to be omitted in the future.¹ In 1892 a memorial to the Queen had been passed unanimously in the Canadian Parliament, on the motion of the then Premier, Sir John Abbott, praying for the termination of the particular provision in the treaties which

Germination of Preference.

1890—petition against restrictive treaties.

1892—memorial of Canadian Parliament.

¹ R., p. 69.

precluded the Colonies from giving Preference.¹ The grounds of objection taken by the memorialists were that this restriction (1) was incompatible in principle with the recognised right of Colonial autonomy in regard to trade, and was in practice likely to embarrass the Empire internally; (2) inexpedient, in so far as it restricted the power of Britain and the self-governing Colonies to take measures for the protection of British trade against the increasingly aggressive policy of foreign countries; (3) injurious to the development of Canada by curtailing the opportunities of cultivating the markets of the British Empire, which by reason of their diversity in climate and resources were of greater potential value than any others, the United States coming second; (4) unjustifiably obstructive to the desire of Canada to foster trade "with the Empire, with its great neighbour the United States, and with other countries throughout the world, wherever opportunity offers," by means of mutual concession.

Apathy of
British
Govern-
ment.

But the British Government had shown no disposition to make the effort. They had argued that "the denunciation of these two treaties would not of itself confer on the Dominion the freedom in fiscal matters which it desires to obtain," owing to the effects of the most-favoured-nation clause which existed in a multitude of treaties, and which would then have to be revised. "A great break up," they said, "of existing commercial relations" was involved in the suggestion.²

Critical
situation
in Canada.

The avowed object of the Ottawa Conference being the promotion of trade relations between Canada and Australasia, and reciprocal Preference between them being barred by foreign treaties except on condition of the mother country being excluded from the benefit

¹ R., p. 54.

² R., p. 148; *cf.* C. 7553, p. 148.

of the intercolonial concessions, it was inevitable that the basis of discussion should, when the time came, be enlarged so as to cover the general question of trade within the Empire. No allusion appears in the published report of the Conference to the critical nature of the contemporary political situation in Canada. But it does not seem improbable that the Conservative Government at Ottawa may have been influenced in summoning the Conference by the hope that its presence and deliberations would help to advertise the Imperial policy which they had been strenuously advocating as the great alternative to commercial union with the United States and the inevitably consequent Imperial disruption.

Considering these circumstances it is not surprising to find that from the outset the Canadian Ministers, with all the advantage of their position as hosts and leaders, treated the Canada-Australasia business as subsidiary to the larger Imperial policy of which those particular proposals were merely a partial illustration. Just as the Pacific Cable project had already in Mr. Fleming's mind grown into the conception of a complete system of telegraphic communications within the Empire, so the idea of a commercial treaty between Canada and Australia had, in the ministerial council at Ottawa, expanded into the conception of a British commercial union. The old Colonial objections to such a scheme had not survived the speeches made in 1887 by Sir Samuel Griffith and Mr. Hofmeyr, in which it had been shown that a limited commercial federation of the British Empire would not involve the abolition of the Colonial customs tariffs or the abandonment of their protective policies. In his presidential address, on election to the chair, Mr. Mackenzie Bowell outlined for discussion a comprehensive Imperial-economic policy, which remains the most

Imperial
outlook of
Canadian
Government:

their
compre-
hensive
proposal.

advanced conception of its kind ever yet placed before the peoples of the Empire by the responsible Minister of one of their responsible Governments. Having quoted the trade statistics of India and the Colonies, he said :

“ A large portion of the above trade is with foreign Powers, which, by a judicious adjustment of tariffs, might be diverted into British channels; this is therefore deserving of the earnest and careful consideration of all who have the general consolidation of the Empire at heart.

“ The accomplishment of this great object could, I humbly submit, be attained by each Colony retaining perfect autonomy as regards its tariff rates, whether on a basis of free trade or protection, with the one sole restriction that on all articles on which duties are charged, uniform preferential rates on direct importations shall be accorded to all members of a confederation to be founded for that purpose, and to the Mother Country should she desire to form part of such confederation, as against the rest of the world.

“ To accomplish this the Imperial Government should be respectfully called upon to terminate all existing treaties to the contrary, at the earliest date possible.

“ This being attained, a joint commission might be appointed to form nomenclature of tariffs so as to insure uniformity of practice in respect to assessments of duties as well as classifications for statistical purposes. . . .

“ Pertinent to this proposition is cable connection not only with Australia but with all Colonies which form part of this tariff union—and it is to be hoped that all of Her Majesty's possessions will in due time be incorporated therein—all on a basis of direct British or Colonial control, and touching at or on British territory only. . . .

“ Correlative to the subject of cable communications, and none the less important, is that of the increased

postal facilities which the line of swift communication already inaugurated¹ and those in contemplation will provide. . . ." (R., pp. 55-6.)

The first matter to be dealt with was the restriction existing on the power of the Colonies to enter into arrangements of commercial reciprocity, on the basis of differential duties, among themselves or with the mother country. The position was² that the Australasian Colonies had, in 1873, been granted power to make commercial treaties of that kind among themselves, but not with any other British Colony or any foreign country. In regard to such external trade arrangements, any reduction or imposition of duties by any Australasian Colony would have to be of general application to all countries alike. The reply given by the Liberal Colonial Secretary, when the matter was brought to his notice by Sir Charles Tupper and the Australasian Agents-General in anticipation of the Ottawa meeting, is interesting in retrospect. It shows that Liberal Free Traders, if they can forget their own fulminations against the principle of Preference in the early days of the Chamberlain movement, may take credit to their party for continuity of policy in appointing the West Indian Royal Commission of 1909, and in supporting its recommendations should they make up their minds to do so :

"Lord Ripon considers it very desirable to foster as far as possible closer relations between the different parts of the Empire, and would therefore be disposed to look with favour on any proposals tending to increase the commercial intercourse of the Colonies with each other." (R., p. 355.)

Desiring, however, to be assured that no existing treaties with foreign Powers stood in the way of

¹ The Vancouver-Sydney ss. line.

² R., pp. 355-57.

Legal obstacles to Preference : (1) Australian constitutions.

Liberals not hostile to principle of Preference.

(2) Belgian and German treaties.

intercolonial Preference, Lord Ripon was advised by the Board of Trade that, in the opinion of the Law Officers, the Anglo-Belgian and Anglo-German Treaties permitted arrangements of that kind, but only among the Australasian Colonies themselves, and only so long as the Colonial duties on Belgian or German imports were not higher than those on similar imports from the United Kingdom. In effect, therefore, intercolonial Preference was not possible without placing Britain in the category of foreign countries. This, the Board of Trade considered, was a condition which would make intercolonial Preference very obnoxious to British trade interests. Though the most-favoured-nation clause in the various treaties did not, it was held, affect the right of Britain to give Preference to the Colonies, there was serious doubt about the reciprocal right of the Colonies to give Preference to Britain. In these circumstances the Board suggested that the best policy would be for the Government to promise favourable consideration should any specific intercolonial proposal be submitted to it. Should the prospective Canadian - Australian arrangement be restricted to food and raw materials, the objections of the industrial interests in the mother country might be less serious than if general power to discriminate were sought from the British Parliament.

Thus the obnoxious restriction existed in two forms; first, the prohibition of differential duties in the Constitution Acts of the Australasian Colonies, which had only been partially removed by the Imperial legislation of 1873; secondly, the exceptional provisions of the Treaties with Belgium (1862) and the German Zollverein (1865); without reckoning the most-favoured-nation clause in other treaties, of which the application within the Empire was a disputed

question. Two resolutions were speedily and un-
 animously passed :

Resolu-
 tions
 passed.

On the motion of Sir Henry Wrixon (Vic.) :

(1) "That provision should be made by Imperial legislation enabling the dependencies of the Empire to enter into agreements of commercial reciprocity, including power of making differential tariffs, with Great Britain or with one another. (R., p. 82.)

On the motion of Mr. Suttor (N.S.W.) :

(2) "That this Conference is of opinion that any provisions in existing treaties between Great Britain and any foreign power which prevent the self-governing dependencies of the Empire from entering into agreements of commercial reciprocity with each other or with Great Britain should be removed." (R., pp. 154-157.)

In the remarks of the Australian delegates there are indications that much misunderstanding had prevailed in Australasia in regard to the extent of the constitutional powers enjoyed by Canada and Cape Colony. Apparently the idea had taken root that the other Colonies had been expressly empowered to negotiate with foreign Governments without reference to the British Government. "Quite a number of leading men in the Australian Colonies" had, Mr. Suttor (N.S.W) declared,¹ "claimed that they should have the power of making treaties direct with a foreign nation." But the result of a "long and animated debate" at the Sydney Federal Convention of 1891 had shown the general opinion to be unfavourable to the proposal, which was felt to be inimical to Imperial unity. Sir Henry Wrixon (Vic.), who moved the first resolution, spoke very strongly on the subject. Both he and Mr. Foster, the Canadian Minister of Finance, who said that unfortunately there were

Question
 of "treaty
 powers" of
 Colonies.

¹ R., p. 70.

“quite a number” of Canadians asking for the treaty-making power, pointed out that both the Colony and the foreign State would have to look for satisfaction to the British Government, not to the Colonial Government, in case of any dispute about the carrying out of any such treaty. Mr. Foster enforced his argument with a hypothetical illustration which has a present interest:

“What would take place if we had that power? The very moment that we had the right conferred upon us to negotiate a treaty, we would exercise that right with, say, the United States of America. But the very moment that we sat down to negotiate a treaty with the United States of America, what would take place? It would be said: ‘You give us certain duties on this, and we will give you certain duties on that, but what we give to you will be exclusively for you, and what you give to us must be exclusively for us.’ What does that mean? Immediately we would have to discriminate against Great Britain herself. . . . If once the Parliament of a great dependency as Canada or Australia had decided that it would do so and so for the best interests of the country it could not recede from that position, and consequently there would be collision.” (R., p. 77.)

Mr. Foster insisted that under existing conditions Canada had “all the freedom that was necessary” for practical purposes. What had really taken place was that commercial treaties had been entered into with foreign Powers, not by Canada, but by the British Government on behalf of Canada.¹ In 1854 the Reciprocity Treaty with the United States had been negotiated with the assistance of a Canadian representative. The further development of that principle, as illustrated by a treaty just concluded between Canada and France, had been

¹ Cf. *supra*, pp. 79–83, and App. A.

“simply a wise extension of that accommodating and reasonable policy that the British Government have always carried out.” (*Ibid.*)

This French treaty (1893) had been negotiated in Paris by the Canadian High Commissioner, Sir Charles Tupper, who had been associated as plenipotentiary for the purpose with the British Ambassador. Together they had signed the treaty on behalf of the British Government. A similar procedure would, Mr. Foster was sure, be followed in connection with the impending Canadian negotiations with Spain.

In the case of Cape Colony the Agent-General, Sir Charles Mills, explained precisely what had happened :

“A Bill came as usual from the Cape for the assent of Her Majesty. It was a Bill authorising the Government of the Cape of Good Hope to enter into a customs union with the Orange Free State, and to give the Orange Free State products preferential duties over the duties imposed upon any other imports into the Colony. When the Bill came to England Her Majesty’s Government refused the Queen’s assent, and for a long time there was a correspondence between the Government of the Colony and Downing Street with regard to this Bill, and on the insertion of the words “overland only” the Bill received the assent of Her Majesty.” (R., pp. 70–71.)

S. African
Republics
a difficulty

Though possibly, under the Anglo-German commercial treaty, German South-West Africa might be entitled to the same privileges as the Orange Free State, there had been no indication that Germany intended to make the claim. Thus the restriction of the arrangement to overland trade in effect eliminated the feature of anti-Imperial Preference.

No special privileges, then, had been conferred by the British Government on either Canada or

No need of
further
treaty
powers.

Cape Colony in regard to treaty-making. What had really taken place was that commercial treaties with foreign States had been made by the British Government on behalf of these Colonies, not by the Colonial Governments themselves. The power of informal, preliminary negotiation with foreign countries resided in the Government of every Colony unless, as in the case of Australasia, the fiscal means of negotiation had been expressly withheld in the Constitution Acts. But the unity of the Empire was safeguarded by the necessity of the Colony obtaining in each instance the Royal Assent, in the ordinary course, to the legislation which would be required for giving effect to arrangements made independently of the British Government. For the Australasian Colonies, therefore, it was a question not of obtaining privileges already conferred on Canada and the Cape, but rather of obtaining the removal of exceptional disabilities to which the other Colonies had not been subjected.

The
Canadian
resolu-
tions.

The next resolutions which were proposed, in connection with Preferential Trade, were intended to affirm both the "practical possibility" and the "advisability" of some such Imperial fiscal system as had been outlined by Mr. Bowell in his presidential address. They were entrusted to Mr. Foster, and were urged by him with so much force and pertinacity that — as indeed was practically admitted — the Canadian Government must have regarded them as vital to the success of the Conference. This having been the first occasion upon which such resolutions were submitted to the Imperial Conference for a definite decision by voting, it seems worth while to quote at length from Mr. Foster's introductory speech, which evidently made a deep impression on the Conference. It is significant that in 1894, as in 1887,

Foster
on Pre-
ference.

the most telling speeches were those made by the protagonists of Preference :

“ . . . If there is one object dear to us as public men or as citizens of our respective Colonies, I think it is that the Empire of which we form a part shall enter no period of decline ; that the glorious past which has been hers shall not be eclipsed by an old age of decrepitude and decadence, but that her mature old life, going out into the members of the body, scattered over different parts of the earth, may continually renew itself, and that the Empire as a whole may go on in an increasing ratio of progress, of influence, and of prosperity. That requires no argument. . . .

“ The flag is a bond . . . the Queen is a bond . . . Bonds of Empire. the constitution of Great Britain, wide and elastic as it is, is a bond ; the institutions which in common with the mother country we possess are bonds ; . . . the army and navy, which embody the defence of the Empire, both . . . at its heart and centre and in its outlying parts, is also a bond of unity and a bond of strength ; but underneath all this there is one thing which is stronger, in its way, than any other, and which is, to my mind, essentially necessary in order that unity shall be preserved between parts of an Empire so far removed from each other, and, in some respects, with such divergent interest. I refer to the common blood of trade and commerce which flows from the heart of the Empire out into the limbs of the dependencies, and back again with its strength and vivifying influence to the heart of the Empire.

“ Trade and commerce carry with them knowledge Prefer- ential trade the strongest bond. and sympathy. It is impossible for the commercial community of Great Britain to have to do with . . . the trade interests of the parts of the Empire without getting a large knowledge of the resources, the capabilities, of those different parts, and without having bound up with that a material and, if you wish, a selfish interest, and the powerful and common bonds of a material and social interest are continually forwarded, continually widened, and continually strengthened. And

this is, to my mind, the guarantee of the future unity, the future stability, and the future prosperity of the great British Empire. . . .

“Who doubts for a moment that if Great Britain and her Colonies could be formed into a commercial union whereby the trade between the different parts of the Empire would have a more favoured position than outside or foreign trade . . . who doubts but that immense benefits would immediately accrue to the Empire as a whole? What would it mean? It would mean, in the first place, that the energy, the genius, the strength, the power, the research of the commercial communities of Great Britain would be directed more and more to her colonial possessions. . . .

“What an impetus would be given to immigration if, for all practical trade purposes, the British Empire were one, and whenever a man left Great Britain he would feel that in making his choice there were two things to be considered; one, to go under a foreign flag and engage in an industrial or commercial life which had not the advantage that it otherwise might have; the other, to remain under the same institutions, the same flag, and when he came to think of his material and commercial interests, to feel that he was placing himself in a better position by means of a favoured customs or trade arrangement. . . .

“Look at Canada, look at Australia on the map, look at the stretches of South, West, and Central Africa. What is it that is needed? Is it fertility of soil? Is it wealth of resources? . . . None of these things. What is needed is population—the Anglo-Saxon, the British emigrant settling there and developing the rich resources of this country, making a population which is productive, and which consequently leads to progress and to strength. . . .

“More than that, there would come a strength, there would come a confidence, which we do not have now. An arrangement of that kind would set at rest whatever feeling of dissatisfaction, whatever feeling of unrest, there is as to the political future of these

Stimulus
to British
immigra-
tion.

Guarantee
of political
stability.

Colonies. We ask sometimes in Canada, I dare say you ask sometimes in Australasia, what are we going to do twenty or twenty-five years from now? And in nine cases out of ten the commercial consideration is the one which gives the birth to that feeling; but let a commercial status like this be affirmed and assured, and immediately that unrest takes on less possible proportions, in fact, it is practically nullified. The future, then, is the future of an Empire, and each one of the parts has faith in itself as part of an Empire, strong, healthy, and prosperous. So that there will be a confidence, a stability, and in time a strength of conviction in the political status which would be beneficial to every one of the Colonies. . . .

“When in Great Britain, a year or so ago, I was often met by this statement: ‘Well, but you in Canada have free entry to our markets . . . and you put a duty on goods which we send back to you. Are you treating us right in that respect?’ . . . There is this reply to that: ‘True, you give an open market to the goods of Canada, but you give an equally open market to every competitor of Canada, and, consequently, you are doing no favour to Canada for which you can ask a favour in return.’ But, again coming to the point, is there any theoretical reason why she should not treat her own Colonies better than foreign countries? There is certainly none in the attitude of foreign countries towards the commerce of Great Britain. There has been a good deal said as regards the armed forces of the European continent, each one with its immense equipment ready for war, watching each other. If that is the truth, it is equally true that in matters of trade and commerce there is war. . . . England owes nothing in the way of good-will, commercially, to foreign countries. . . . But, the English will say, we want to carry on trade with France, even though they have a wall against us, with the United States . . . and maybe if we give you a preferential position in our market, we will be more hardly used by France and the United States. My own opinion

No Preference under Free Trade.

The Retaliation bogey.

is that in the United States, France, and most of these countries, the highest point has been reached in protective tariffs, and instead of going further up, the tendency in future will be in the opposite direction. . . .

"It is true that Great Britain has been cut off from a great many countries but still has extended her commerce. How has she done it? She has done it through her Colonies. In foreign countries she has not extended her commerce to anything like the extent she has in the Colonies. A colonial consumer is worth more to the British producer than six European consumers . . . her commerce could never have extended as it has if it had not been for these dependencies. Then the Colonies have all protected against the mother country, but none of them have protected as the foreign countries have protected against her. You can take them and make an average . . . you will find that the protection is far lower in the Colonies of Great Britain against British goods, taking it on the average, than it is in the foreign countries. So that she has gained by her Colonies. . . .

"Great Britain has another consideration which is a forcible one to my mind. Put a cordon around England for twenty-four days and what will become of her people? ('They will starve.') . . . That cordon could be pretty nearly as effectual if it were 500 or 1000 miles away from England as if it were just about her coasts. . . . A great war carried on with Russia or some of the other Powers would make them conserve their food supplies and prevent them sending them to Great Britain. . . . The strategic food supply of Great Britain is in her own Colonies . . . with whom she will never be at war and between whom and herself it is most easy for her to keep continual communication. . . . In proportion as Britain stimulates her Colonies so in proportion these Colonies will become the supply centres of food for Great Britain. . . . These countries can easily supply all the food of all the varieties that Great Britain needs. It needs

Colonies
are
Britain's
best
customers.

Food
supply in
war.

an impetus and some development, but there is a possibility. . . .

“ This motion is framed so as to give it as wide a range and as great elasticity as possible. This motion does not ask that Great Britain shall give on every product of her Colonies a preferential position, but she may choose as regards certain things which would be of use to her Colonies. Some certain things she might not be able to put even a small duty on, but she may be able to accede to this proposition without any detriment to her trade. . . .

Necessary
limitations
of Prefer-
ence.

“ Now then from the Colonial point of view ; so far as that is concerned, it is easier because we are not met by the Free Trade problem in its nakedness and in its entirety. All the large Colonies, I believe, raise a revenue which . . . to be equal to the maintenance of the public services, necessitates a fairly high customs rate, so that to this extent the tariffs of nearly all the Colonies are more or less protective. . . . There is not the initial difficulty that we meet when thinking of including Great Britain in the arrangement. . . .

“ It would be wise . . . if we were not to wait until the ideal time shall be realised when Great Britain and her Colonies may make these arrangements. It may come some time ; I hope it will. But my wish is that we may commence now between the Colonies themselves. Some of them may be disposed to enter into this arrangement. . . . A small differential rate would give the advantage . . . because who does not know now that trade is done on a very small margin, and that a very small percentage nowadays will have the effect of drawing and directing trade into channels which it has not hitherto been accustomed to take? . . . But if it is found impracticable to make a general reduction of five per cent. on everything, let us put our heads together and make a comparison of articles that we think can be interchanged on a favourable basis, and let us give in regard to these articles more favourable treatment to each other than we give to foreign countries. . . .

Inter-
colonial
Preference
to begin
with.

Preference,
cables,
steamships,
all one
policy.

“If we desire to have the full benefit of what we have already done, it is possible, I think, for us to go one step further and make that which we have already done practically result in good. For we are pledged to steamship communication . . . but the steamship and cable fail unless the accompanying trade develops. . . . Let us go one step further and utilise what we have done in steamship subventions, and utilise what we propose to do in cable communication, and give this decided impetus to the trade between these two countries. . . .

British
opinion—
Salisbury's
significant
speech.

“What do the other Colonies think about this? And if it does happen that the other Colonies think in the same way that Canada thinks, then the lead has been given to a remarkable proposition which must be considered by Great Britain, and she may eventually change her fiscal relations entirely. . . . Lord Salisbury made a speech not long since which is significant of itself because it follows in the characteristic line of several utterances of Lord Salisbury and other statesmen of Great Britain. Lord Salisbury says:

‘We live in an age of a war of tariffs. Every nation is trying how it can, by agreement with its neighbour, get the greatest possible protection for its industries, and, at the same time, the greatest possible access to the markets of its neighbours. I want to point out to you that what I observe is that while A. is very anxious to get the favour of B., and B. is anxious to get the favour of C., nobody cares two straws about getting the commercial favour of Great Britain. What is the reason of that? It is that in this great battle Great Britain has deliberately stripped herself of her armour and her weapons by which the battle is to be fought. You cannot do business in this world of evil and suffering on those terms. If you fight, you must fight with the weapons with which those whom you are contending against are fighting.’

“That is a remarkable utterance. . . . Depend

upon it, before long the people of Great Britain will be fighting on that practical issue. If it turns out that Free Trade is best, she will be kept under Free Trade, and if it turns out that something else is better, that better plan will be adopted. That time may be more or less distant, but controversy is verging towards the practical point, and it will have to be settled by the British people. . . . In the meantime the Colonies are in a position where they are free very largely from these disabilities to take hold of this question and solve it for themselves. . . . Whatever the Colonies undertake to carry out will have by its pressure the power of causing thought and moulding the subsequent action of Great Britain itself. . . . The Union of the Colonies in this matter is an idea which can more speedily be realised. It is a practical possibility, and we ought to come to the conclusion, I think, that we brethren of kin may do more for each other than we do for outside brethren, who are brethren only by descent from the common parent." (R., pp. 178-84.)

Although Mr. Foster's motion, affirming that an Imperial Customs Union to include the United Kingdom was both practicable and desirable, was not strictly within the scope of the Conference, there was no serious opposition to it on that account. In view of the resolutions already passed, the Canadian Minister was able to argue that it would indeed be a feeble attitude to request facilities for making preferential arrangements throughout the Empire, but to shrink from affirming that such arrangements were practicable or desirable. His motion, he insisted, was the logical supplement to the others, which in default of them would make little impression on Imperial public opinion or on the apathy of Downing-Street officialdom. Most of the delegates appear to have been persuaded that they might properly support the larger policy. Only one or two hesitated

The larger policy.

on the ground of absence of instructions. Mr. Lee Smith, the "purely commercial man" from New Zealand, was sure that his Government had not contemplated the present contingency, but were rather expecting him to bring back a detailed scheme for a trade arrangement between New Zealand and Canada.

The Cape delegates, who were joined in the middle of the session by Mr. Hofmeyr, laboured under a peculiar and unforeseen difficulty. They could not vote for an Imperial Customs Union without voting against the continuance of the South African Customs Union, which included the foreign Orange Free State. For them to do so would be, Mr. Hofmeyr protested,¹ "political suicide," and a grave injury to Cape interests. It was hoped, he said, that the Transvaal would soon be brought into the South African Customs Union, and also the great northern territory up to the Zambesi. Supposing Mr. Foster's resolution were carried, and that "against even the most sanguine expectation of the most sanguine of us," Britain announced herself ready for the Imperial arrangement, Cape Colony would then have to summon the other members of the South African Customs Union and ask the Orange Free State if it was willing to join the fiscal federation of the British Empire :

"It is quite possible the Free State would say, 'Certainly we will do that.' Or they may express a contrary resolve. The action of the Cape would greatly depend on that resolve. I should like Cape Colony to be left at liberty to negotiate with the Orange Free State, either to bring her into the Imperial Customs Union or to remain outside with her, if necessary. At present I am not authorised to vote for a resolution practically including our S.A.

Cape
Colony's
difficulty
—the
S.A.C.U.

S. Africa
a fiscal
unit.

¹ R., p. 201.

Customs Union. Notwithstanding Mr. Foster's eloquence, I cannot change my position." (R., p. 204.)

Eventually, however, a way out of the difficulty was found. A further resolution was added to the effect that for the purpose of the other resolutions the S.A.C.U. should be considered as a potential fiscal unit. Thus Mr. Hofmeyr was enabled to vote for the other resolutions and so to assist the germination of the seed which he had himself sown in 1887.

The discussion of the Imperial trade question evoked, though only from Australasian delegates, some of the objections which became so familiar in Britain ten years later. One or two of the Australasians were nervous of appearing to "dictate" to the mother country, and of rubbing her people the wrong way, by affirming the desirability of an Imperial customs arrangement which would involve a departure from Free Trade. Characteristically enough, the objections came mostly from men who also displayed a free-trade bias, or a prejudice against the landowning aristocracy in Britain whom they represented as actuated by selfish instincts.¹ The answer satisfactory to the majority was, of course, that the resolutions were not mandatory but were simply an expression of an opinion and a hope, in no way binding the mother country. As Mr. Foster argued, Britain's statesmen were well able to look after her local interest, and would in the long run decide to reject or accept the proposal in accordance with their considered view of what would pay the country best. Perhaps with some inconsistency, having regard to the general standpoint of his introductory speech, and to the general atmosphere of the Conference, he even declared that :

Objections: (1)
"dictating
to Britain."

"We are a Colonial Conference: we are brought here to look after Colonial interests first; we are not

¹ R., pp. 185, 191.

an Imperial Conference; we are here as a Colonial Conference; we are here to press what we think would be to the Colonial advantage; to press it upon the only one that can give it to us; that is, Great Britain." (R., p. 210.)

(2) "Sentiment" a confusion.

The familiar confusion in regard to "sentiment" also cropped up. In his formal speech at the opening meeting Mr. Playford (S. Australia), arguing that reciprocity within the Empire could only be arranged on a strictly business footing, had remarked: "Of course there is no sentiment in trade relations." At a later sitting, however, he was criticising the policy of the Canadian Government, who appeared willing to give French wines a preference against Australian, as part of a tariff bargain with France, though reserving the right to make subsequent treaties with other Colonies even to the extent of giving Australian wine preference against French. A dialogue ensued:

"*Hon. Mr. Playford* — Your principle is an absolutely vicious one. If Great Britain did anything of that sort in regard to France and did not do the same for the Colonies, she would never hear the last of it. . . ."

"*Hon. Mr. Foster* — I just want to argue the point a moment with Mr. Playford. I think I heard of a gentleman saying that all this was a matter of business, and that this intercolonial trade was a matter of dollars and cents. Now my hon. friend goes back to sentiment, and he says . . . the Australian Colonies, who have paid Canada nothing yet . . . for the sake of sentiment ought to get the advantage the same as France did by paying for it." (R., pp. 78-9.)

It seems curious nowadays, after eight years of incessant discussion and campaigning, to hear people still protesting in one breath that sentiment is more

powerful than commercial instinct in determining national destinies; and in the next that a fractional addition to the price of bread, or a fractional loss on the price of wheat, must be made the paramount consideration in deciding whether the country should subordinate foreign to Imperial trade interests or *vice versâ*. There is not much evidence of all-powerful British sentiment in the policy either of the Free Traders in Britain or of those Canadians who clamour for American reciprocity, although these two sections have been the loudest assertors of the doctrine that sentiment is always king.

But the question arose also in a practical form. (3) "Leaving out the Mother Country." Supposing the Colonies proceeded to establish a system of mutual Preference without the adhesion of the mother country, should she be excluded from the benefit of their tariff reductions? Naturally the feeling found expression that such action would be unfriendly. From Mr. Foster's point of view, postulating the fullest measure of liberty for each partner State to adapt the system of Preference to its individual circumstances, the question of whether the benefits should be gratuitously extended to Britain would be a detail for separate decision by each State in the course of its reciprocity negotiations. But the opinion he expressed about it in behalf of Canada was not vindicated by subsequent events, the impending "stealing" of the Preference policy by the opposition party being an unforeseen factor in the situation :

"I say as far as I am concerned—and I think as far as Canada is concerned—the day will be considerably distant when we will propose, if it is not to our advantage somewhat,¹ to give very great commercial advantages to the British Empire without receiving something

¹ Sir Wilfrid Laurier has argued that even unilateral Preference is to their advantage considerably. Cf. his statement in 1907, Ch. XIII.

in return. Commerce is inexorable, sentiment is free ; and when it comes down to a point of arrangement between those that have the entire power of their fiscal arrangements between themselves . . . it will proceed on to a commercial basis, and a fair consideration and a fair distribution will be asked for." (R., p. 206.)

One of the obvious points urged by those who feared to "dictate" to the mother country was the great preponderance of her foreign over her Colonial trade interests. This was emphasised, as information, by Lord Jersey ; and he afterwards laid stress upon it in his report to the Colonial Office. Imports from the Colonies and India were at that time a little less than a quarter of the whole ; and exports to those countries were a little less than a third. Mr. Foster's statement that the trade of the United Kingdom was growing only by virtue of the Colonial markets was disputed. Very much has since been heard of this question on both sides in the Chamberlain campaign. And yet, as affecting the case for Imperial Preference, the existing proportions of foreign and Colonial trade are really irrelevant to the issue. The underlying assumption of the Preference policy is that a conscious economic inter-dependence of the associating units is the necessary foundation of every form of political community, be it a municipality, a State, or an Empire. Economic inter-dependence is the vital principle of the organism. If then, under present conditions, the Colonial trade of the United Kingdom is increasing relatively to its foreign trade, Preference would merely accelerate that desirable tendency ; and the probability of trade dislocation has been exaggerated. If on the other hand the foreign trade is increasing relatively to the Colonial trade, Preference becomes all the more necessary in order to counteract a tendency which cannot continue without ultimately destroying the

(4)
"Foreign
trade too
important
to Britain."

Fallacy
of that
objection.

economic basis of closer Imperial union. Assuming the necessity of an economic foundation for all statecraft, the existing tendencies of trade can never impair the case for having an Imperial trade system.

Mr. Foster's motion had been offered by him in a composite form, its several paragraphs being logically inter-dependent, to be voted upon as a whole. He was not disposed to accept any vital alteration of its terms, still less to withdraw it altogether, on account of the misgivings expressed by one or two when the majority were content:

Majority
voting or
unanimity?

“Do you think that we should adopt the principle in this Conference that we should reject a thing because we cannot all see eye to eye? We cannot expect all to see eye to eye; but I do not think we should ask each other to withdraw entirely just because of that, because it may be very vital. By the wish of the minority the Conference may be deterred from voting upon some very important matter.”
(R., p. 212.)

Thus another important principle in regard to the procedure of the Conference was enunciated and, being accepted, became established by precedent; namely, that the passage of resolutions is not conditional upon unanimity. Although the principle found illustration at subsequent sessions also, the Conference has always been somewhat chary of passing resolutions in default of unanimity. In such cases the dissenting Governments have generally preferred to refrain from voting. The point is important; because if the Conference is a “germ” destined to develop into an effective organisation of the Empire, the postulate of unanimity would appear to signify the independence in perpetuity of the several Governments; whereas the acceptance of majority voting may appear to fore-

shadow the ultimate submission of the Governments individually to collective control.

Preference
Resolu-
tions
passed.

In order to reduce the disagreement to a minimum Mr. Foster consented, in addition to making some verbal modifications, to submit the several parts of his motion separately to the vote. The resolutions adopted were the following :

On the motion of Mr. Foster (Canada) :

“* (3) Whereas the stability and progress of the British Empire can be best assured by drawing continually closer the bands that unite the Colonies with the Mother Country, and by a continuous growth of a practical sympathy and co-operation in all that pertains to the common welfare: And whereas this co-operation and unity can in no way be more effectually promoted than by the cultivation and extension of the mutual and profitable interchange of their products :

“ † Therefore resolved : That this Conference records its belief in the advisability of a customs arrangement between Great Britain and her Colonies by which trade within the Empire may be placed on a more favourable footing than that which is carried on with foreign countries.

“* Further resolved : That until the Mother Country can see her way to enter into customs arrangements with her Colonies it is desirable that, when empowered to do so, the Colonies of Great Britain, or such of them as may be disposed to accede to this view, take steps to place each other's products in whole or in part on a more favoured customs basis than is accorded to the like products of foreign countries.

“* Further resolved : That for the purposes of this resolution the South African Customs Union be considered as part of the territory capable of being brought within the scope of the contemplated trade arrangements.” (R., pp. 2, 3, 215.)

* Carried unanimously.

† Opposed by Mr. Suttor (N.S.W.), Mr. Lee Smith (N.Z.), and Mr. Thynne (Q.).

The Canadian Government had achieved a greater success than they may have realised at the time in bringing forward and securing the adoption of the third resolution. Their spokesman, Mr. Foster, had not pretended that Britain was likely to fall immediately into line, but he rightly considered that the educational effect might be great :

“I believe in the fertilising power of ideas, and I would like this idea sent out by this Conference, that it is the thought of the Colonial Empire that some such relation shall take place, as near as it possibly can, by which the solidity, coherence, and development of the outlying parts of the Empire would be assisted. Let it lie and fertilise, though it does not bring forward an immediate result. Nothing has ever yet been accomplished until ideas have been sown and taken time to germinate. If that goes from the Conference, what good may it not do ?” (R., p. 203.)

He was thinking only of fertilisation in the mother country. But the Empire was destined to be startled within two years by the news that in Canada herself the idea had fertilised to the extent of impregnating the free-trade party with the Imperialism of the protectionist Conservatives. In his report Lord Jersey, alluding to the opening addresses, mentioned that the Canadian Premier had been followed by “the Leader of the Opposition, M. Laurier—a gentleman of the French-speaking race, educated and trained, as he observed, on French systems—who expressed in the warmest terms the loyalty and gratitude to the British Crown of that important portion of the Canadian population.” The Fielding-Laurier venture of British Preference, two years later, was clearly the direct outcome of the Ottawa Conference. In every respect, except the waiving of insistence upon immediate reciprocity,

Ideas a
“fertilis-
ing power,”

especially
in Canada.

Laurier
adopts
1894
policy.

the Canadian Liberals followed the principles first adumbrated by Sir Samuel Griffith in 1887 and further developed by Mr. Foster in 1894.

Preference
by treaty
or con-
current
legislation.

One feature of the original policy, as expounded by Mr. Foster and presently adopted by the Laurier Government, was the method proposed for effecting reciprocity. It might be done by means of concurrent action, without preliminary negotiations of any kind, each Government making at its own discretion whatever differentiations it might feel able to afford in favour of Imperial trade generally. But that was not the method then proposed. Reciprocity, according to Mr. Foster and afterwards Sir Wilfrid Laurier,¹ should be effected by a process of bargaining, a comparison of tariffs with a view to a balancing of preferential favours. Of recent years, and partly owing to the fears expressed by opponents of Preference that fiscal bickerings would ensue, the opinion seems to have gained ground that the best way now to proceed from the British Preference which the Dominions have actually established to the Imperial Reciprocity which is desired would be for Britain without consultation to enact a tariff, as the Dominions successively have done, embodying so much of Preference as the Government of the day may deem to be compatible with the exigencies of revenue or of national Protection. Reciprocity throughout the Empire could thus be instituted without haggling; and would remain in an elementary form even if subsequent efforts to develop it by negotiation were not immediately successful.

Examina-
tion of
Colonial
tariffs.

In 1894, however, an attempt was made to pursue the other course. The enabling resolutions having been disposed of, Mr. Lee Smith (N.Z.) moved that the Conference should now proceed to an examination

¹ Cf. note on p. 369.

of the respective tariffs of the several Colonies with a view to ascertaining in what direction reciprocities might be arranged.¹ But the other delegates were for the most part neither commercial men nor competent in any case to go into fiscal details. Mr. Hofmeyr felt that the Conference was "going too fast now," and urged that the working out of reciprocities should be left to the Governments. By way of compromise it was decided that an informal examination of tariffs should be conducted then and there. In the course of these proceedings the Canadian Ministers were again constrained to remark upon the "want of unanimity of our Australian friends,"² and the "unfortunate fact that they are not in a confederation."³ As Lord Jersey observed to the Colonial Office, the Australians would return from the Conference impressed with the necessity of uniting their Colonies under one Government, as in Canada, so as to be able to deal effectively with these commercial questions.

Need of
Australian
federation.

The informal examination sufficed to show that there was a wider range of articles than might have been supposed which were or might be interchanged between the Colonies. Australasia was interested in the Canadian demand for wool, frozen mutton, tinned meats, hides, hard woods, fruit, sugar, butter (in the West), tin, gum, flax, wine, and brandy. Canada could send in exchange paper, cotton goods, frozen fish, hops, soft woods, matches, agricultural implements, carriages and carriage materials, paints, and drugs. The Cape might supply Canada with wool, wine, and fruit, in return for lumber, agricultural implements, and paper.

Possible
range of
inter-
colonial
Preference.

Thus the delegates did not disperse without having formed some idea of the limits within which, when the treaty obstacles should be removed, a system of

Fruits of
Ottawa
Confer-
ence.

¹ R., p. 215.

² R., p. 271.

³ R., p. 217.

intercolonial reciprocity might be established as the nucleus of Imperial Preference. The fact that little was done in this direction, although the German and Belgian treaties were (in 1897) denounced, may be attributed to several circumstances. In the first place, the launching by the Canadian Government of a larger Preference policy obscured the more modest proposal; secondly, Australian energies became absorbed in the climax of the federal movement; and then the war in South Africa supervened to divert the attention of the Empire from everything else. When interest in that quarter began to wane the Chamberlain movement was already in full swing; so that the question of intercolonial reciprocity, as a thing apart, could never again acquire a leading position.

But the "purely commercial" delegate had not worked in vain. In 1895, the year after the Ottawa session, reciprocal trade agreements were made by New Zealand with South Australia and with Canada.¹ In regard to the first, New Zealand admitted free of duty South Australian wine, olive oil, fruit, and salt; while South Australia accorded similar exemption to New Zealand barley, hops, oats, and horses. The arrangement was for seven years, but it had to be terminated sooner owing to South Australia being merged in the Commonwealth. During its currency the exports from New Zealand to South Australia more than doubled, though the return trade remained almost stationary. The agreement with Canada, which provided for the free admission of some twenty articles and for preferential reductions on a number of others, had an even shorter duration, being upset apparently by the wider Preference policy of the succeeding Canadian Government. Later

¹ Cf. *The Round Table*, No. 2 (Feb. 1911), pp. 217-18.

on, after the session of 1902, intercolonial reciprocities were arranged on a more extensive scale. For whatever they are worth in relation to the larger policy the inception of them should be credited to the Ottawa Conference.

CHAPTER VI

THE PACIFIC CABLE AND THE ALL-RED ROUTE

THE time occupied by the Conference was mainly divided, in roughly equal proportions, between the Pacific Cable, including the question of an extension from Australia to South Africa, and Trade Relations, including steamship services. As a basis for the discussion of ways and means, a resolution was first passed declaring that immediate steps should be taken to lay a cable under sole British control from Canada to Australasia. Introducing this motion, Mr. Suttor (N.S.W.) naturally recalled the quasi-resolutions of 1887, with the subsequent correspondence; and mildly expressed a feeling which was uppermost in all their minds:

“ Although one vessel was for a short time employed in making a survey on the Australian end of the line . . . no survey whatever has taken place between Vancouver and Honolulu from that time up to the present . . . it is, I think, rather unfortunate that the Imperial Government are not more energetic, if I may use such a term, in carrying out their promise, because undoubtedly they made a promise to the effect that a vessel would be employed, and that the survey would gradually go on, and that in the course of two or three years they hoped the survey would be complete; but instead of carrying on the survey which was commenced, the vessel was withdrawn, and, so far as we know, nothing further has been done.” (R., p. 85.)

Generously acknowledging the services rendered by Mr. Fleming, he reiterated the general arguments in

Procedure
by resolu-
tion.

The
delayed
survey.

Advantages of
British
cable.

favour of a Pacific cable, especially that it would: (1) promote commerce, the existing cables rate between Australasia and America, *viâ* Europe, being almost prohibitive and the service slow; and (2) assist the defence of the Colonies, the existing cables *viâ* Java and the Mediterranean being unreliable in war because they touched foreign territory and were laid largely in shallow water.

To clear the ground for the discussion of ways and means, Mr. Fleming was next invited to address the Conference. He gave some interesting particulars about the Trust, which everybody recognised to be the head and front of the opposition. Sir John Pender had sent a letter embodying its views, which Mr. Fleming proceeded to dissect.

Again urging the advantages of State ownership and management, Mr. Fleming was able to give a concrete example. The Government of the Bahamas had been on the point of contracting with a company to provide cable communication with the mainland at a subsidy of £3000 a year for twenty-five years. In the end the Government had decided to keep the cable in their own hands; and the charge on the Colony, after making all necessary provisions, was already reduced to £1800 a year instead of £3000. In conclusion, he suggested a choice between three schemes, more or less ambitious. In the first place, the new Pacific cable might furnish the occasion for expropriating the Trust's Australasian lines, and transferring them, together with the Australasian land lines, to a joint Commission which would work the whole as one system. Secondly, the Pacific cable might be built as a separate concern, under joint control. Thirdly, it might be divided into two sections, the northern to be controlled by Canada and the southern by the Australasian Colonies. Whichever

State
ownership
—example
from
Bahamas.

Fleming's
alterna-
tive
schemes.

plan might be adopted, he could see no difficulty in constructing the Pacific line, all the "experts" notwithstanding. As to cost, he had already submitted estimates by various routes. *Viâ* Fanning Island he reckoned it at about £1,700,000, with an initial but temporary deficiency of £80,000 a year on working expenses. The Trust put the cost at £2,330,000, which it raised to "at least £5,000,000" on the ground that "to make the line at all reliable as a competing route" duplication would be essential; and it put the annual loss at about £250,000 a year.¹

Mr. Mackenzie Bowell and Sir Adolphe Caron, the Canadian Postmaster-General, who for part of the time was in the chair, failed to guide the discussion, which became discursive and confused. Despite the long experience of all its members as "old parliamentary hands," the reports of the Imperial Conference show that this picked assembly is apt to require constant control from the chair just as much as any humbler council, if its time is not to be wasted and its effectiveness impaired. Lord Jersey felt obliged to intervene.² He pointed out that if they desired to secure the practical assistance of the mother country for their plans of commercial reciprocity and telegraphic communications, they would do well to concentrate upon those aspects in regard to which the Parliament and Government of the United Kingdom would expect him to report that definite opinions and definite proposals had been reached by Conference. He advised them to emphasise the commercial advantages of the cable, the strategic benefit of having a second line being self-evident; and he thought they might venture to be even more sanguine than Mr. Fleming himself about the financial results of the undertaking. As to the survey, they could not

Importance of chair to Conference.

Jersey pleads for precision.

¹ R., p. 348.

² R., p. 141.

absolutely fix the route without knowing about the ocean bottom; but they ought to make some recommendation which would prevent the Admiralty from pleading that it did not know whereabouts to take soundings. Then there was the question of whether the Colonies were definitely willing to share the cost of a survey and of constructing the line, and if so, in what proportions. "Of course," added the British delegate, in regard to these points, "it is not my duty at the present time to present any argument upon any of them."¹

By special leave of the Conference a representative of the Chamber of Commerce at Honolulu, Mr. Davies, was allowed to enter and address it.² His purpose was to impress upon the Conference the goodwill of the Hawaiian Government, who would subsidise the cable on condition of its landing at Honolulu. The Hawaiian proposal. The place was rapidly growing in importance as a port of call. No less than 12,000 passengers, including 8000 in transit, had passed through in 1893—but not one of them had been able to send a cable message. Clearly there was business to be done there. Already steamers were calling at regular intervals from China, Japan, San Francisco, Vancouver, Auckland, and Sydney. As to Necker Island, it was now Hawaiian territory; but it was a dismal spot anyway.

In view of what was to happen within the next few years his remarks about the political situation are worth noting. Commercially, the little kingdom was, he admitted, indissolubly bound to the United States; the Reciprocity Treaty (1875) being invaluable to the islanders. But, despite the recent revolution, the half-breed population, who had supplanted the older native race, were so intensely loyal to the Hawaiian flag that there was "no prospect of the Government

¹ R., p. 129.

² R., pp. 118-120.

passing out of their control." The large foreign element, Hawaiian born, were likewise "perfectly loyal"; so that he did not think there was "any fear of the time arriving when there will be any necessity for Hawaiian independence to cease." In 1894 their loyalty was not for sale, as the cant phrase is. In 1898 they accepted the Stars and Stripes. Less than twenty-five years had sufficed for a system of conscious economic community to work out its political result; and the patriots deceived themselves to the bitter end.

On the general question of the desirability of a Pacific cable there was no important difference of opinion. The only discordant voice was that of South Australia, but her attitude was defined at the outset by Mr. Playford. Despite the injury which the competition would inflict on the Colony's telegraphs:

"If this cable is required for Imperial and for public purposes, for the good of the Empire, South Australia is not going to stand in the way, and will support the cable. All we ask is this: That if this cable is to be so subsidised by the various Governments our peculiar position shall be taken into account, and anything that we may lose by the construction of this new line of cable may be minimised as much as possible." (R., p. 104.)

Mr. Playford went on to explain how heavily the Colony had become involved in the existing telegraph system. The South Australian land line from Adelaide in the south to Port Darwin on the north coast, where it connected with the Eastern Extension Company's cable to Europe, was over 2000 miles long and had cost over £500,000 to construct. At the end of 1893 the deficit on operating it for twenty-one years had amounted to no less than £293,282, which was a heavy charge on a community of only about 340,000

S. Australia's attitude to Pacific cable.

Her transcontinental wire.

souls. Moreover, the Government of South Australia had not followed the selfish plan adopted by the Government of India of obtaining revenue by levying high transit charges on the through traffic from other Colonies to Europe. On the contrary, under their 1891 agreement with the Eastern Extension Company they had reduced the transit rate from 1s. 1d. to 5d. The other Australian Colonies had generously offered to share with South Australia the consequent loss of revenue; and when a year or two later the agreement with the Eastern Extension Company was revised, the rate was fixed at 7d. Then there was the further embarrassment of the Colony's relations with Western Australia, its gigantic but youthful neighbour. South Australia had built another land line from Adelaide to Perth; and was subsidising Western Australia to maintain a land line along the coast from Perth to Roebuck Bay in the north, whence the Eastern Extension Company had laid a cable to Java, thus providing an alternative route in case of mishap to the Port Darwin line.

So far Mr. Playford had spoken on behalf of his Government. But he wished also to express his personal view, which proved to be very hostile to the whole scheme of the Pacific cable. It was not wanted commercially; it would never pay; the Colonies could not afford to subsidise it when they were already paying in round figures some £70,000 a year for their existing cable communications. Finally, if it were required strategically, why was there no statement to that effect from the War Office or from the Admiralty? The thing had hung fire since 1887 for lack of a survey, and the position to-day was no better than it had been then. The head of the South Australian telegraph department, Sir Charles Todd, an expert of "European reputation," had

Playford
denounces
Pacific
project.

"Expert"
witnesses
again.

furnished him with a memorandum showing that the Pacific cable would tax the Colonies to the tune of at least £110,000 a year; and pointing out that, in regard to the strategical argument, the existing cables of the Eastern companies would in war be "efficiently protected by fast cruisers patrolling the entire route"; and that where they touched foreign territory "they could with comparative ease be relaid or joined over and protected."¹

As another delegate afterwards remarked, Mr. Playford had assumed the rôle of *advocatus diaboli* at the Conference, all the others being in accord on the main proposition. But the Adelaide official "expert" did not stand alone. The chief of the telegraph department in New South Wales had also disapproved of all the routes suggested by Mr. Fleming; had disputed his estimates of cost; and had expressed the opinion that so long a length of cable as from Vancouver to Fanning Island could never work satisfactorily. The Conference, however, declined to be deterred by these doleful prognostications. Mr. Suttor (N.S.W.), while citing the Sydney expert, supported the project; though he insisted that the interests of the Eastern Extension Company ought to be safeguarded. Representatives of the Cape and of Australia alike recalled the Russian war scare, which seemed to have left an indelible impression. The cost of the new cable, they declared, would be handsomely repaid if ever it were the means of giving the Colonies timely notice of the outbreak of war when the other lines had been cut. A week's such notice might well be worth the whole £2,000,000 of capital cost. As Mr. Thynne (Q.) reminded them, the strength of a chain is its weakest link; and the foreign landing-stages of the Trust cables were un-

Strategical
value of
Pacific
cable.

¹ R., p. 113.

deniably weak points in the system. Sir Charles Mills (C. C.) reminiscence is still interesting :

“ In 1885, you will all remember, there was a ^{The Russian war scare.} scare, or rather a fear, of a Russian war. In London at the time, representing the Cape of Good Hope, I telegraphed to my Government, first, ‘ War with Russia probable.’ After a little while, when matters began to develop themselves, I telegraphed, ‘ War with Russia imminent.’ The Governor of the Colony, and the General, and the Admiral in command of the military and naval forces out there, had not heard a word. When my telegram reached the Prime Minister he laid it before the Governor. The Governor summoned the General . . . and the Admiral . . . and they had a consultation, and telegraphed home to know what the cause was, and then they learned that war was actually expected to break out at any moment. Now, at that very time they had in Simon’s Bay a small corvette; in Table Bay, which was totally undefended, there were two large Russian corvettes or frigates; and outside, cruising about, simply waiting the word, a large ironclad, which could have come in and taken from us the Cape Peninsular altogether.” (R., p. 142.)

Mr. Lee Smith’s (N.Z.) commercial experiences were also much to the point; showing how the inevitable ^{N.Z. favours cheap rates.} delay in getting replies in New Zealand to inquiries about markets in the United States was a great impediment to the transaction of business, especially in such speculative kinds as dealing in grain.¹ He was himself a keen believer in the doctrine that low telegraphic rates are paying rates. For example, the New Zealand Postmaster, Mr. (afterwards Sir Joseph) Ward, had arranged with the New South Wales Government to join in a guarantee scheme under which the Eastern Extension Company was

¹ R., p. 133.

to reduce the rate between the two Colonies from 8s. 6d. to 2s. 6d. at one swoop :

“The people of our Colony thought he was doing a very rash act, but he was a clever and far-seeing man. The result was that the business at once increased eighty-four per cent., and the decrease of the returns was only twenty-five per cent. At present, communications passing between New Zealand and Australia and London refer almost exclusively to business questions that involve great issues: but there are a number of messages now sent from New Zealand to Australia and *vice versa* which are entirely of a social character, and of no great importance—simply congratulatory messages of one kind and another. The day is coming when we shall find our people in Australasia will communicate with Great Britain much in the same manner in regard to private matters as we do on business matters.” (R., p. 134.)

“Social”
messages.

Pegging
claims for
posterity.

But the feeling expressed by the Victorian delegates that the project should be considered primarily on “national” (meaning Imperial) grounds was undoubtedly common to them all. Sir Henry Wrixon (Vic.) protested that there was a “sort of race going on for the Pacific”;¹ and if the British did not exercise their birthright to build the cable it would soon be done by the French, who had already entered the field, or the Americans. Mr. Forrest (Q), quoting Lord Rosebery, emphasised the duty of “pegging out claims for futurity,” even if the cable would not be immediately remunerative. That, of course, was a standpoint thoroughly congenial to those who had accomplished the Canadian-Pacific Railway, Mr. Mackenzie Bowell inevitably recalling the unhappy man who had said it would never pay for axle-grease. The general resolution was easily carried without dissent, though South

Resolution
carried.

¹ R., p. 125.

Australia maintained her traditional attitude in refusing to vote upon it. The resolution ran :

“That in the opinion of this Conference, immediate steps should be taken to provide telegraphic communications by cable, free from foreign control, between the Dominion of Canada and Australasia.” (R., p. 160.)

In regard to the drafting of this resolution a rather amusing and interesting controversy arose. Mr. Lee Smith (N.Z.) demanded with great pertinacity that in all cases the terminology should be “Australia and New Zealand” instead of “Australasia,” because the use of the single name encouraged the preposterous notion that the two countries were one. In Ottawa itself he had been asked what was the capital of New Zealand, and whether there was a railway between Wellington and Melbourne. Another gentleman had actually supposed that Bundaberg was in New Zealand. Mr. Lee Smith was sure that New Zealand would stand out of any Australian confederation; and he felt it incumbent upon him to do something to preserve the “distinct individuality of the name, New Zealand.” There was much sympathy with him; but the Conference felt that “Australasia” was more convenient for the purpose in hand. Lord Jersey stated that while the term “The Australasian Colonies” included Tasmania as well as New Zealand, the term “Australia” did not include Tasmania. If that were officially true in 1894, it may be presumed that the arrival of the “Commonwealth of Australia” has since sufficed to correct the official pedantry. Mr. Lee Smith, having driven home his protest, reluctantly acquiesced in “Australasia.”

Serious differences of opinion soon became manifest as to the question of the next steps to be taken towards achieving the object. The course of events

Terminology—Australasia.

Incomplete survey still an obstacle.

had created a widespread impression that nothing more could be done until a thorough survey had been made of the whole route. The position was extremely tantalising. The Admiralty had fulfilled its promise to the extent of completing the survey as far north as Fiji. The result had been to put the "experts" to confusion. Instead of being rent with abysmal chasms, as the Hydrographer had conjectured, the bottom of this "island-studded" sea had proved to be remarkably even. No great depths had been encountered after all. These results having been obtained, encouraging the hope that the experts would prove equally wrong in regard to the northern sections, the survey had been suddenly stopped without any apparent reason. The Admiralty had estimated three years as the time necessary to complete it, unless several ships were to be employed together. Thus a further delay of one or two years seemed inevitable. The general feeling was indicated by more than one of the delegates :

"*Hon. Mr. Fraser* (Vic.)—It does seem to me rather strange that there is always some difficulty turning up. As a purely business man during my whole life, it does appear to me very strange that, whatever course is taken, something will turn up to impede the progress of the matter. It is not long since there was some correspondence on the subject. No sooner had the correspondence appeared when the Eastern Extension Company began to wield their enormous influence. I am not going to say that they are not justified in using that influence. Business men are the same all over. They are trying to put money into their own business concerns, and perhaps they are justified in trying to oppose any rival company, but in this case something has always cropped up in some mysterious way at all times. . . ." (R., p. 131.)

Hostile
influences
suspected.

"The President— . . . For some reason or other there appears to have been influences at work, whether with the Admiralty or with the Colonial Office, wherever it may be, because this work was progressing and was stopped." (R., p. 169.)

Mr. Lee Smith (N.Z.) contended strongly that the survey was only a bogey, none being really required. He knew of responsible parties who were prepared at once to tender for laying and operating the cable, which would not be the case if there were really any doubt about the project being feasible. He did not think that the New Zealand Government would consent to contribute to the cost of any survey. But the Canadian Ministers, remembering how the Canadian-Pacific railway had depended on the preliminary survey,¹ were inclined to take the necessity for granted; and most of the Australasian delegates were of the same opinion. In the end Mr. Lee Smith agreed to support Mr. Foster's resolution :

Survey—
resolution
passed.

"That the Imperial Government be respectfully requested to undertake at the earliest possible moment, and to prosecute with all possible speed, a thorough survey of the proposed cable route between Canada and Australia; the expense to be borne in equal proportion by Great Britain, Canada, and the Australasian Colonies." (R., p. 168.)

Mr. Foster had explained² that what Canada wanted was to put pressure on the British Government to do the survey "right sharp up, within a year or eighteen months," putting on two or three vessels if necessary. The resolution was carried unanimously; excepting that Mr. Playford, maintaining the traditional attitude of South Australia, declined to vote, though personally he strongly supported the view that a thorough survey was the essential preliminary to any further action.

¹ R., p. 159.

² R., p. 160.

Imperial
partner-
ship
without
Britain.

Another point was whether the adhesion of the United Kingdom should be regarded as indispensable to any Imperial partnership for the purposes of the projected cable. Mr. Suttor (N.S.W.)¹ took the ground that, while from a "national" (*i.e.* Imperial) point of view, and also as ruler of Fiji, the mother country ought to come in, the Colonies were financially strong enough to shoulder the whole burden themselves. The Canadian Government argued that if any of the countries concerned was in a position to plead lack of material or "selfish" interest in the scheme, that country was Canada, which had relatively small commercial dealings with Australasia, and was strategically secure already. But "the unity of the Empire, the security of its parts, the inter-dependence of these parts, are articles which have worked themselves into the creed of every Canadian."² The Colonies, Mr. Foster went on to declare, could not by themselves shoulder the expense, and on principle should not be asked to do so. Mr. Lee Smith (N.Z.) alone seemed to be convinced that it was quite hopeless to expect that Britain would ever consent to join in competing against the Eastern Extension Company.

The Cape-
Australia
extension.

Naturally the South African delegates were anxious to promote the plan of extending the projected Canada-Australasia cable from Australia to South Africa. Sir Charles Mills showed that both the strategical and the commercial arguments applied as much in favour of such an extension as of the Pacific cable itself. The Trust cables along both the west and the east coasts of Africa touched foreign territory at several points; and the charges were enormous, the rate between England and the Cape being no less than 8s. 11d.³ But the other delegates were without instructions in

¹ R., p. 88.

² R., p. 159.

³ R., p. 143.

regard to this proposal. They felt that the Pacific scheme ought to be pushed on independently, while leaving the door open for the Cape extension. A resolution was unanimously passed :

“That it is for the interest of the Empire that, in case of the construction of a cable between Canada and Australasia, such cable should be extended from Australasia to the Cape of Good Hope ; and that for that purpose arrangements should be made between the Imperial and South African Governments for a survey of the latter route.” (R., p. 170.)

Then there was the vital question of finance. The general acquiescence in the proposal that the cost of the survey should be shared on a tripartite basis, Britain, Canada, and Australasia each contributing one third, indicated that the Colonies would probably accept a similar apportionment of the cost of the cable itself. Queensland and Canada were already able to pledge themselves. But the question of method had yet to be settled. Was the cable to be a State undertaking throughout? Or was it to be entrusted to a private company? And, if so, should the company be subsidised at so much a year; or should it be guaranteed a minimum revenue, the Governments undertaking to make good the shortfall, as in the case of the latest Australian agreement with the Trust? Mr. Lee Smith (N.Z.) was all for private enterprise, and moved a resolution¹ to call for tenders. Mr. Suttor (N.S.W.) supported him on the general principle.² The President, Mr. Bowell, remarked³ that the Canadian tradition was in favour of private enterprise, but he himself had come round to the view that this was an exceptional case in which direct State action would be better. Mr. Playford, the

Financial
basis of
Pacific
cable.

State or
private
enterprise

¹ R., p. 172.

² R., p. 88.

³ R., p. 169.

advocatus diaboli, argued strongly¹ that if the cable were to be constructed at all, the Governments had better keep the whole thing in their own hands. There was no other way of avoiding the risk of getting into the grip of a monopoly. As their South Australian railway experience had shown them, competitive companies would sooner or later contrive to combine for the purpose of keeping up rates and profits. But the protagonist of this view was Mr. Thynne (Q.), who moved a resolution² to the effect that the construction and maintenance of the cable should be undertaken by the Governments as a "joint national and public work." A company's interests inevitably tended to become "divergent" from those of the State; and the method he proposed would be an "object lesson" in practical Imperial partnership. Queensland, he explained, had long regarded the Eastern Extension Company as a "grasping monopoly";³ and the figures given by Mr. Playford had illustrated the truth of it. It was typical and clearly inequitable, Mr. Thynne protested, that while the Company had been paying a handsome dividend all those years, the South Australian Government should have been incurring a heavy deficit on that portion of the line which it owned and operated as one of the essential links in the system. He dealt effectively with one objection which had been urged:

"We have had a good deal of experience in Australia in railway construction, and we have also had a good deal of experience of the disadvantages of carrying out works of this kind by the Government . . . the introduction of too much political influence controlling the management of the business. But I think that while that danger exists, and is likely to exist naturally within the borders of one self-govern-

No log-rolling in Imperial partnership.

¹ R., p. 165.

² R., p. 162.

³ R., p. 123.

ing community, when a large number of the different self-governing communities bind together, the objection which is so frequently taken in Australia will not be found applicable to this enterprise. I hope I have not overstated the case in saying that I think we would be entirely exempt from such a danger under the proposal which I have the honour to submit to this Conference." (R., p. 163.)

In the end, however, Mr. Thynne's resolution was withdrawn and Mr. Lee Smith's was rejected as premature. Sir Henry Wrixon (Vic.) had intervened with a proposal which had given a new turn to the discussion, and which seemed to offer a real prospect of reaching a final decision later on, after the disputed questions of route and survey had been finally disposed of. Apart from its immediate importance in connection with the cable, the proposal is in retrospect of great interest as foreshadowing a subsequent development in the permanent constitution of the Conference :

Continuity
of the
Conference
—need for
secretariat.

"*Sir Henry Wrixon* (Vic.)—I do not think the Conference will have any objection to the motion which I wish to make. It has been hitherto found to be the case, and I think it will occur again, that after this Conference closes there will be nobody to carry on the continuity of the business. The whole thing is apt to collapse and disappear until the next Conference, unless some one takes it in hand to carry on the technical, practical business. I think we should pass a short resolution designating some one to act in questions of practical detail with regard to what we have done, to communicate with the different Governments, the Governments of the Australian Colonies, and if necessary the Cape, and the Canadian Government, to form a sort of link of communication between them with regard to the after matters which will necessarily arise from what we have done. If we are to have any one, it should be Mr. Sandford

Fleming, who has shown a life-long devotion to the subject, and who is so intimate with it. I thought of moving this by consent: 'That Mr. Sandford Fleming be requested to attend to questions of practical detail arising from the proposed cable between Canada and Australia, and to communicate with the various Governments concerned.' It is merely ministerial, so that there may be some person who will interchange communications and keep the thing from expiring before the next Conference." (R., p. 170.)

A general feeling was expressed, and concurred in by Mr. Thynne, that the responsibility ought to be assumed by a Government rather than an unattached individual. The Canadian Government accordingly agreed to assume the responsibility through Sir Mackenzie Bowell, the chairman of the Conference, who was to consult Mr. Fleming at every stage and leave all details for him to settle and deal with.

Before the close of the proceedings the arrangement was finally put in order. Mr. Thynne (Q.), seconded by Sir Henry Wrixon (Vic.), moved :

"That the Canadian Government be requested, after the rising of this Conference, to make all necessary inquiries, and generally to take such steps as may be expedient, in order to ascertain the cost of the proposed Pacific cable, and promote the establishment of the undertaking in accordance with the views expressed in this Conference." (R., p. 252.)

"*Hon. Mr. Foster* (Can.)—In respect to that, Mr. Thynne, what is your idea? How far does it go?"

"*Hon. Mr. Thynne* (Q.)—My idea in moving this resolution is that the Government of Canada shall have put upon them the duty of keeping this question of the cable alive, on the lines that have been suggested. It will let them feel that we, the other Colonies, in putting this duty upon them, are prepared to assist them, and support them. . . ."

“*Hon. Mr. Suttor* (N.S.W.)—I am very glad to support the proposition made by Mr. Thynne, and, although it is not very definitely stated, I conclude his proposal embraces the suggestion that all communications with the Imperial authorities should be made by the Canadian Government. I should like to suggest in connection with this . . . that if the Canadian Government are going to make these representations through their High Commissioner in London, Sir Charles Tupper, they will permit to be associated with him the different Agents-General of the Colonies interested. We feel that our representatives in London should know exactly what is going on, so that they may report to their different Governments the steps that are being taken from time to time. . . .”

Agents-General to be consulted.

“*Hon. Mr. Foster* (Can.)—Any communications the Government of Canada would make to Great Britain would not be made through Sir Charles Tupper; they would be made direct to the Colonial Office, and very often, in regard to these things, we send the same information to Sir Charles Tupper, as our High Commissioner. We ask him to follow up the matter. Certainly all the Colonies interested should have their Agents-General working in unison. There is no doubt about that. We will see to that. . . .”

“*Mr. Lee Smith* (N.Z.)—What is it understood you are going to do, Mr. Foster?”

“*Hon. Mr. Foster*—Give effect to these resolutions. . . . I mean that, under that resolution, if it asks for a survey, and the British Government come to the conclusion that they are not able to make that survey, and in fact, do not make it, it is quite open for the Government of Canada to try to ascertain the cost of the cable, or what it could be constructed for, by some such means as my friend Mr. Smith suggested, by asking parties to tender. Or, it is perfectly competent for them to communicate with the Australian Governments and say, shall we carry on this survey alone?”

"*Hon. Mr. Thynne*—Or you may go further. Supposing you have the survey made, you may call for tenders as to the cost of laying the cable."

"*Hon. Mr. Foster*—Oh yes, certainly, we would be obliged to do that." (R., pp. 25-46.)

The motion was then carried unanimously; and thus was the fruition of the cable ensured. In regard to the question of route, the following resolution is mentioned in the official summary as having been passed unanimously, at the instance of Australian delegates; though for some reason it appears not to be found in the Report itself:

"That in view of the desirability of having a choice of routes for a cable connection between Canada and Australasia the Home Government be requested to take immediate steps to secure neutral landing-ground on some one of the Hawaiian Islands, in order that the cable may remain permanently under British control."
(R., p. 30.)

A proposal mooted for the first time at the Ottawa session, but destined to be heard of again, was that of establishing a mail route between Britain and Australasia through Canada. Introducing the subject, Mr. Lee Smith (N.Z.) gave some interesting historical particulars. Steamship communication between England and Australia began in 1856, the connection between the Red Sea and the Mediterranean being made overland until the Suez Canal was built. Ten years later New South Wales and New Zealand combined to arrange a service *viâ* Panama, in connection with the Royal Mail Steam Packet Company. By this new route the time was considerably shortened. Though the arrangements broke down after two or three years, the effect had been to stimulate the Peninsular and Oriental Company to accelerate its service on the old route, which thus regained supre-

Routes of
Pacific
cable.

ALL-RED
MAIL
SERVICE.

Aus-
tralasian
communi-
cations
with
Europe.

macy. But New Zealand and New South Wales had been awakened to the possibilities of the American route; and in about 1870 they arranged a service *viâ* San Francisco, again reducing the time by three or four days. In 1878 the Orient Company began to compete with the P. & O., again forcing the pioneer company to improve its service; but the outcome was that the two companies combined to run alternate boats fortnightly. By these successive stages the mail service between London and Melbourne, *viâ* Suez, was reduced to about thirty-three days, or about thirty-four days to Sydney. There were now six separate services between the mother country and Australasia, *viz.* those of the P. & O. and the Orient Company, *viâ* Perth, Colombo, and the Mediterranean; the British India Company from Queensland through Torres Straits and the Mediterranean; a direct service of two boats from New Zealand *viâ* Cape Horn; the San Francisco service by an American company; and latterly the Huddart-Parker monthly service between Vancouver and Sydney, *viâ* Fiji. The French Messagerie-Maritimes Company also was running to Australia, but not yet the German lines. Among the Government subsidies at that time being paid were the following:—

1. *United Kingdom and Australia*—

£170,000 a year, divided between the P. & O. and Orient Co's., the Home Government finding ^{Mail subsidies.} £95,000 and Australia the remainder.

£19,800 paid by Queensland to the British India Co. for the combined mail and cargo service *viâ* Torres Straits.

2. *Australasia and United States*—

£20,000 to an American company, New South Wales paying £13,000, and New Zealand £7000 on a

poundage basis, for a service from Sydney and Auckland to San Francisco *via* Honolulu.

3. *Australia and Canada—*

£36,500 to Messrs. Huddart for the Vancouver-Sydney monthly service *via* Honolulu, Canada paying £25,000, New South Wales £10,000, and Fiji £1500.

4. *United Kingdom and North America—*

£104,000 to the White Star Co., for the mail service to New York, paid by the Home Government on a poundage basis.

5. *United Kingdom and India and China—*

£265,000 to the P. & O., the Home Government paying £190,000.

£60,000 to the Canadian-Pacific Railway Co. for a main service *via* Vancouver to Shanghai and Hong-Kong, the Home Government paying £45,000, and Canada £15,000.

6. *United Kingdom and West Indies—*

£85,000 to Royal Mail steam Packet Co., the Home Government paying £65,000.

7. *Canada and West Indies—*

£20,000 paid by Canada.

8. *United Kingdom and South Africa—*

£109,000 paid by Cape Colony and Natal to the Union and Castle lines.

Proposed
Canadian-
Australian
mail
service.

The time from New Zealand to England by the American route was about thirty-two days. Mr. Lee Smith urged that the route should be diverted from San Francisco to Vancouver. He had no need to dwell on the obvious connection between this proposal and the Pacific cable project, the two schemes being mutually complementary in the plan for developing

trade between Canada and Australasia by providing facilities in advance. He maintained that strategically the all-British steamship connection was fully as important as the all-British cable, because the mails and passengers so carried would be relatively free from the risk of interception in war. He desired to initiate a discussion, in the first instance, upon the general aspects of the proposal, and "from a federal point of view" rather than from that of the special advantage of any particular Colony.

Sir Adolphe Caron followed on behalf of Canada. He took it for granted that there were no two opinions as to the general principle of subsidising steamship companies in order to secure (*a*) increased speed, and (*b*) assured regularity of mail services. The United States, he remarked, had at one time abandoned that policy, but in 1891 had felt obliged to resume it. In regard to the relation of this policy to the general problem of closer union of the Empire :

"If we wish to make closer the ties which connect the Colonies and England, and if we wish to have a union which will be not only a union on paper but a union useful to every member composing that union, it is necessary for us to begin, at the very beginning, by establishing the best mail service possible." (R., pp. 221-2.)

He mentioned some of the subsidies already being paid by Britain, in a manner rather implying that the mother country showed an undue preference for foreign routes, since she had contributed nothing to any Atlantic service with Canadian ports. In a similar vein one of the Australian delegates pointed out that Britain had done nothing to assist the inception of the Vancouver-Sydney service, which had ended the isolation of Fiji; though lately that Colony had been authorised to begin paying

Mr. Huddart's proposal.

£1500 a year to the new line. There was some difference of opinion as to whether, time being limited, the discussion should be on the general aspects of the question or upon a concrete proposition. That point, however, practically decided itself; for it was impossible to ignore the fact that a concrete proposition was actually in the field. The Canadian Government were in negotiation with Mr. Huddart for a fast Atlantic service. For a twenty-knot weekly service to Quebec or Halifax, reducing the time by the Canadian Atlantic route to five days, they were prepared to pay £150,000¹ a year. They were on the point of introducing a Bill to authorise this subsidy. In conformity with their policy of developing the British market, as an alternative to the Liberal policy of commercial union with the United States, they had stipulated that the new steamers should provide ample facilities for the cold storage of perishable produce. But Mr. Huddart, whose firm had already inaugurated the monthly service on the Pacific, had placed before the Canadian Government a larger proposition, aiming at the establishment under one management of a complete fast service between England and Australasia, so as to provide a fortnightly mail service right through. This scheme would require, in addition to the four twenty-knot boats on the Atlantic, the replacement of the existing Pacific service by five new sixteen-knot steamers and special arrangements with the C.P.R. for the trans-Canada section. The mails could, it was estimated, be delivered in Sydney in twenty-eight days instead of thirty-four, or in New Zealand in twenty-six days if the boats went to Auckland first.

¹ In addition to £75,000 a year from the British Government, for which the Canadian High Commissioner (Sir Charles Tupper) eventually succeeded in getting the approval of Mr. Chamberlain, who was Colonial Secretary in the next Government. See interview with Sir Charles Tupper, *Morning Post*, Sept. 7, 1907.

All the boats might, it was suggested, be made available to the Admiralty as auxiliary cruisers in war. Mr. Huddart put the capital cost of the whole scheme, including the nine new steamers, at £3,000,000; and for the first ten years he asked a subsidy of £300,000. Towards this amount Canada was already paying £25,000 on the Pacific and had promised £150,000 for the Atlantic service. Australia would be expected to find £50,000—a formidable advance on the solitary contribution of £10,000 which New South Wales was paying. The remainder, £75,000, would be sought from the United Kingdom. New Zealand, being off the direct line between Vancouver and Sydney, was left out, but might be connected by a branch service from Fiji. Failing acceptance of the combined scheme Mr. Huddart would be willing to make arrangements for Atlantic and Pacific services separately, suggesting for the latter the conversion of the existing monthly service into a three-weekly one, calling at Auckland as well as Sydney. This would give a through route of a kind, though not a rapid service. It would at least be an advance upon the existing conditions, under which the mails carried by the C.P.R. depended upon the steamer connection at New York, which, being under separate management, was not reliable. There could be no certainty of time being kept on the Canadian route from England to Australia unless the Atlantic terminus were Quebec or Halifax instead of New York.

The divergent attitudes of the various Australasian Colonies were known beforehand and did not take long to become manifest. The Canadian representatives admitted that in this project, unlike the cable, the Dominion certainly had a greater “selfish” interest than any of the other Colonies, but it had already given proof of its willingness to contribute a propor-

Australia
divided
again.

tionately larger share of the required subsidy. Of the Australians, Mr. Suttor was able to declare that New South Wales had shown where she stood by contributing £10,000 a year to the existing Pacific service. Once more he urged the sister Colonies to approach the question from a "national" (meaning Imperial) point of view. Queensland was favourably inclined; provided the steamers would call at one Queensland port, if not two. The Victorians liked the principle of handling the question in an Imperial rather than a provincial spirit; but felt that it would be impossible to get money out of their Parliament unless the steamers were to call at Melbourne also, instead of giving Sydney a monopoly of the "terminal" benefits. In fact they had already approached Mr. Huddart about it; but he had told them that the subsidy they mentioned would not so much as pay for the coal consumed on the extra distance. On the other hand the western group of Australian Colonies—South Australia, Western Australia, and Tasmania—would have nothing to do with the proposed mail service. They considered themselves well served by the existing service *viâ* the Suez Canal. Once more Mr. Playford (S.A.) applied the wet blanket. If any acceleration were offered by the Pacific route, the P. & O. would easily meet it by reducing the time on the old route. As matters stood, the mail steamers did not hurry themselves. They would often dawdle to Colombo, or wait there, to connect with the China packet, and had generally plenty of time in hand. By simply leaving out Colombo and making straight from Perth to Aden, they could save two or three days if pressed by competition. But there was a yet more important consideration. The Australians were beginning to think that improved cargo services, with ample space for carrying mutton, butter, and

fruit in cold storage, were of much more urgent importance than any acceleration of the European mails. They realised that they need not go on boiling down their surplus sheep into tallow if they could send all the carcasses frozen to England. They were even beginning to doubt whether it was any longer necessary to subsidise mail steamers at all. With so many lines competing, it might be possible to arrange quite a satisfactory mail service on the poundage basis, *i.e.* by paying so much a pound for the freight of postal matter. If so, the money saved would be certainly used for obtaining cold storage facilities by the old route rather than increased speed by a new route. Commercially the trans-Canada route would be of little value to Australia, because it involved transshipment at Vancouver and again at the Atlantic port. The proposed cold-storage facilities on the Atlantic would be all very well for Canada, but useless to Australia. The new line would be a mail service pure and simple, unnecessary at that, and the western Australian Colonies could not be enthusiastic about it.

In vain Mr. Suttor urged the pan-Australian point of view; arguing that trade between the eastern Australian Colonies and British Columbia, which he was sure would rapidly develop, would augment the prosperity of the continent as a whole. In any case a quick and regular service with North America could hardly fail to be of general advantage. Mr. Thynne (Q.) was his least half-hearted supporter. Doubtless the proposed subsidy seemed large, but the experience of Queensland forbade them to boggle at that. In 1882 his Colony, with only 300,000 people, had agreed to pay £55,000 a year for the establishment of the British India service at ten knots, taking forty-four days from Brisbane to London. At one time

Queens-
land's
experience.

the Colony was paying nearly £80,000 a year for the ocean carriage of its mails. But already the subsidy to the British India Company, though the service had been greatly improved, had been reduced to £19,800, and "in the course of a few years" would probably cease. The total cost of the ocean mail services had been only £36,000 in 1892. That was an example of how a valuable service, otherwise unattainable, could be established by giving heavy subsidies at the outset and diminishing them as the expansion of business tended to make the line self-supporting. But Mr. Thynne felt obliged to point out the peculiar geographical situation of Queensland, with her very extensive coast-line and her variety of ports, of which some faced east and others north. Not only the interests of separate Colonies but also those of separate sections in the same Colony would have to be taken into account by legislators who would ask a parliament to vote money for projects of the kind under discussion. So it became clear that once more the Australian Colonies were hopelessly at variance among themselves. At best there was, as afterwards in the case of the Pacific cable, a division of Australia into two parts, roughly speaking an eastern and a western group of Colonies. These two divisions were standing not shoulder to shoulder but back to back, and were pulling different ways. To take the extremities, Sydney and Perth were facing in opposite directions; whereas Halifax and Vancouver had a common interest owing to Canada being a middle section of the new route instead of a terminal country. To make matters worse, New Zealand's idea of the "federal point of view" turned out to be simply that Australia should overlook the lengthening of the proposed mail service in order that Auckland might be included in the itinerary. The expedient of branch-

Australia
East v.
Australia
West.

N.Z.'s
"federal
point of
view" not
=federation.

ing the service at Fiji, which was feasible in the case of the cable, would not meet the case of the steamship service, the value of which to either Australia or New Zealand depended on its being direct and continuous. By way of emphasising the "Imperial" earnestness of his Colony, Mr. Lee Smith offered to exceed his instructions—which limited him to a subsidy of £10,000—and to promise a further £1500 if all the Australian Colonies would respond by guaranteeing a like modest contribution in recognition of the Imperial aspect of the scheme. He pointed out that the subsidies in sight—assuming the mother country to come into line—would then be within £20,000 of the £300,000 required. But the others replied by unkindly reminding him that Mr. Huddart had scouted the idea of £10,000 or anything like it being a sufficient consideration for diverting the mail steamers to a New Zealand port. What with these divergent interests and the general financial depression then prevailing in Australasia, the prospects of co-operation seemed hopeless. There was not even resentment against a robber Trust to work upon; the old steamship companies having earned a well-deserved popularity in Australasia.

Naturally the South African representatives were not disposed to take an active part. In Sir Henry de Villiers' opinion they might have some reason actually to oppose a steamship service which might tend to divert traffic from the route *viâ* the Cape to Australia. They were inclined, however, to "take the Imperial view of this question" and abstain from opposition :

The Cape
Route.

"We hope that, in spite of any subsidies which may be given, the trade round the Cape of Good Hope between Australia and Great Britain will continue. At all events, we are not going to ask the Imperial Government for any subsidy. It was at one

time prognosticated, when the Suez Canal was made, that we should lose the trade round the Cape of Good Hope. That has not been so. The Cape of Good Hope has maintained its position, and I have no doubt the Cape of Good Hope will still be able to maintain its position, notwithstanding increased steamship communication between Canada and Australia." (R., p. 231.)

Lord Jersey
again seeks
a concrete
scheme :

Lord Jersey's attitude was both correct in itself and characteristic of the contemporary British Imperialism. As in connection with the Pacific cable, he intervened early in the discussion, which was spread over two days at about the middle of the session, in order to impress the Conference with the points on which the prospect of assistance from the mother country would depend. In particular he wished to find out exactly what financial support the several Australian Colonies were prepared to give. But that question was to remain unanswered. Also, was it the general opinion that the time was approaching when the whole system of mail contracts should be reconsidered? At Home a committee was then sitting and was "prepared to deal with this subject," but would await the result of the Conference, which would carry great weight. In any event nothing could be done until current mail contracts had expired. The Australian contract would expire in the coming year, but had been temporarily renewed. The China contract would run till 1898. Were the whole system to come up for reconsideration a great advantage could, he pointed out, be gained by making all future contracts for a single period, so that all would begin and terminate at the same dates. The system could then be arranged as a whole, instead of each section of the Imperial mail services having to be provided for in piecemeal fashion and apart from the rest. No definite answer was

suggests
concurrent
mail con-
tracts :

forthcoming even to this important question of system; though the tenor of the discussion would suggest an affirmative reply. But what Lord Jersey especially desired was to be able to lay before the British Government some concrete scheme, such as Mr. Huddart's, with a statement of definite contributions offered by the various Colonies interested. Canada alone had met that requirement. As to Mr. Huddart's scheme, Lord Jersey's first impression appears to have been that the proposed subsidy was excessive. But he seems to have laboured under a curious misconception:

"To ask for a guarantee of 10 per cent. upon the capital of the company is a very strong request."
(R., p. 250.)

Though £300,000 is 10 per cent. on £3,000,000, Mr. Huddart, to do him justice, was not asking for any "guarantee of 10 per cent." upon that capital. Supposing, for example, the difference between receipts and working expenses came to a deficit of £300,000, the result of the subsidy would be to cancel that absolute loss and no more. If the deficit were only £200,000 the subsidy would enable a profit of £100,000 to be declared, or only $3\frac{1}{3}$ per cent. on the capital. Mr. Huddart's whole contention was that "for the first period" of ten years the large subsidy would be "absolutely necessary . . . on account of its being a new and costly service. There is no such service in the world." It was a new route, to which the travelling public would take time to grow accustomed; and it would be simply a mail service, at least to begin with, as the immediate prospect of much trade between Australia and western Canada was slight.

his mis-
conception
of Hud-
dart's
proposals.

Lord Jersey succeeded, to his own gratification, in dispelling the notion that the mother country was

Britain
does not
prefer
foreign
routes.

Canadian
railway
rivalries.

prejudiced in favour of foreign mail routes. He drew a candid admission from Sir Adolphe Caron that there was not yet in existence any service on the Canadian-Atlantic route in a position to displace the New York boats were the subsidy to be diverted; and he emphasised the fact that the British Government, having been convinced in regard to the potential saving of time, had lately agreed to subsidise the Vancouver-China service of the C.P.R. to the handsome amount of £45,000 a year, with the further condition that the vessels should be available to the Admiralty. He hinted that in his own view the C.P.R., being an indispensable factor in the trans-continental part of the scheme, might be the best company to undertake the Atlantic service. But Mr. Foster explained that this solution was precluded by the desire of the Canadian Government to make the new steamers, with their special cold-storage accommodation, equally available to all the Canadian railways. The Grand Trunk Railway was a keen competitor of the C.P.R., and would rather feed any steamships than those of its great rival. The proposed Government subsidy could only go, therefore, to some neutral company which all the Canadian railways could support with equal confidence. In the result the only resolution which could be proposed with a prospect of unanimous acceptance was one carefully drafted by the Canadians so as to avoid committing anybody to any specific scheme or contribution :

Non-
Committal
Resolu-
tions
passed.

“(1) That the Conference expresses its cordial approval of the successful efforts put forth by Canada and New South Wales for the establishment of a regular monthly steamship service between Vancouver and Sydney; and affirms the advisability of a reasonable co-operation of all the Colonies in securing the improvement and permanence of the same.”

“(2) That the Conference learns with interest of the steps now being taken by Canada to secure a first-class passenger mail service with all the modern appliances for the storage and carrying of perishable goods across the Atlantic to Great Britain and the large subsidy which she has offered to procure its establishment.”

“(3) That it regards such an uninterrupted through line of swift and superior communication between Australasia and Great Britain as is above contemplated as of paramount importance to the development of intercolonial trade and communication, and to the unity and stability of the Empire as a whole.”

“(4) That as the Imperial Post Office contributes towards the cost of the mail service between England and Australia, viâ Brindisi or Naples, the sum of £95,000 per annum, while the sea postage amounts to only £3000; and to the mail service between Vancouver and China and Japan £45,000 less £7300 charged against the Admiralty; the Conference deems it but reasonable to respectfully ask that assistance be given by the Imperial Government to the proposed fast Atlantic and Pacific service; more particularly as the British Post Office, whilst paying the large subsidy of £104,231 a year to the line from Liverpool to New York, has so far rendered no assistance to the maintenance of a direct postal line between Great Britain and Canada.” (R., pp. 240-41.)

Though the above resolution was carried unani-
mously, all must have been conscious that nothing
could come of it, at least for the present. Mr. Lee
Smith (N.Z.) had welcomed its introduction as “bring-
ing the discussion upon a practical basis, just what is
required to enable us to arrive at a conclusion”:

“It must be clear to all of us, if we allow Lord
Jersey to go home without being able to represent to
the British Government some definite plan, or to say
that there has been some definite arrangement arrived
at by the Australian Colonies, the British Government

can say: 'These people are more interested than we are, but they do not appear to have made up their minds as to what the value of this service is to them.' Then the British Government will do exactly what they did seven years ago with regard to the cable. They referred the matter back to us and said: 'Put something definite before us and we will give our answer.' Therefore I am pleased to find that the discussion is now taking a proper course." (R., p. 247.)

British
apathy
creates a
vicious
circle.

But in fact the resolution as a final pronouncement on the part of the Conference was a repetition of the old vicious circle round which the Pacific Cable had already travelled once. To the request of the British Government for a concrete proposal the Colonies replied in effect—though they did not put it so definitely this time—"Until you tell us what you would be prepared to do we cannot finally say what we would do. Tell us what the British Government can offer, and then we shall have a basis for our intercolonial arrangements." Thirteen years later the vicious circle was destined to begin again in connection with this same project of a mail service.

Canada
satisfied
with the
result,

The Canadian Government, nevertheless, declared themselves "thoroughly satisfied with the expression of good-will and sympathy" on the part of the Australian Colonies. It was impossible, Mr. Foster said, to expect at the Conference to "put down in black and white what each Colony is prepared to give." It was necessary to go slowly; and he agreed with Lord Jersey that, having regard to current contracts, two or three years would be required to bring the matter to a head.

but
project
defeated.

But in the interval, to anticipate the history, the Conservative Government were defeated at the next general election in Canada. Their Liberal successors, who had charged them with extravagance over the

fast-line proposition, were slower to "steal" their policy in this matter than in regard to national Protection and Imperial Preference.

In his report to the British Government Lord Jersey took a very sympathetic view. He now adopted a much more reasonable attitude in regard to the necessity of a large subsidy, remarking that the cost of maintaining ocean liners was very heavy in proportion to the capital invested, and that the Dominion Government, "the largest contributors," appeared to be satisfied with the terms proposed. He suggested that it would be possible for the United Kingdom to find the expected £75,000 out of the sums hitherto voted on account of other mail services, though he would deprecate anything calculated to impair the "excellent services" of the P. & O. and Orient Companies. The proposed Atlantic line promised a delivery of mails at Halifax thirty-six hours quicker than the existing service to New York, and at Quebec twenty-four hours quicker. It would shorten the time to Chicago and other western points in the United States as well as to Canada. Strategically there were considerable advantages to be gained. The time to Shanghai would be shortened again; and an enlarged all-British service would be available for sending soldiers to the Far East or India, and sailors to the Pacific. To Australia there would be a new route, not less speedy than the old one through France and Italy, and free from the risks of interruption which are inevitable in crossing foreign territory. If the North American mails were sent by the proposed Canadian line every alternate week there would be a saving of about £52,000 a year in poundage payments to the New York boats, as the mails would be carried free by the new line up to the amount of the subsidy. The balance might be made up by an Admiralty sub-

Jersey
favours
All-Red
mail
service

with
aid of
Admiralty
subvention.

vention, in consideration of the nine new steamers or some of them being made suitable for use as auxiliary cruisers. On the accepted scale of subventions for this purpose the amount payable for the nine projected steamers would be £39,000. As far as he had been able to learn, the practical difficulty of maintaining a high rate of speed on the Atlantic by the Canadian route, on account of fogs, was not seriously greater than on the New York route. His conclusion was :

“Should Great Britain see her way to make these concessions, she will have done her part in forging a strong link in the chain of Imperial communication.” (R., p. 10.)

Water-
tight
compartment-
ments a
fallacy of
Imperial
policy.

One paragraph from Lord Jersey's contribution to the discussion at Ottawa remains to be quoted in conclusion, because it raises a fundamental question which was not thrashed out at the Conference :

“Although there might be some very good reasons, from an Australian commercial point of view, in some of the arguments which have been advanced, still the great point before the Conference is the mail service. The Imperial Government could not be expected to look on this question from a commercial point of view. They might look at it from an Imperial point of view and the postal point of view, and I venture to think, if the Conference is going to base its ground upon cold storage, and things of that kind, they will probably lose a good deal of support they might get otherwise.” (R., p. 233.)

Surely that is the vice of the latter-day school of British Free Traders, who try to treat all the larger national problems in water-tight compartments. According to the representative of the United Kingdom, the only aspects of the proposed service which could appeal to the British Government would be its potentialities as (a) a general means to closer union

of the Empire, and (b) a means to improved postal facilities. His "Imperial point of view" specifically excluded the consideration of direct commercial advantages or the development of trade within the Empire. But all the Colonies immediately interested had made it clear that in their view the policy of subsidising fast and regular steamship services was a trade policy as well as a postal and migration policy, and that the trade aspect was Imperially at least as important as any other.¹

That is one fundamental question, but there is another yet deeper. The controversy over what afterwards came to be known as the All-Red Route began at Ottawa in 1894. Those who follow it as far as the present volumes go perhaps will begin to ask themselves, with Mr. Deakin, whether the problem of Imperial communications can ever be effectively handled, any more than that of Imperial defence, until it is treated as a question of union and federal finance rather than as a question of separate State interests and proportionate contributions. But, as already seen in the case of Imperial defence, the question of how to provide a common fund to finance these common interests, through a common administration, itself raises once more the question of whether financial policy can be considered apart from trade policy. In all examples of federation, whether restricted or unlimited, the common tariff has been the foundation of the federal fund. As Mr. Hofmeyr showed in 1887, it could be possible for the British Empire to obtain its federal fund by means of tariff

Joint tariff
arrange-
ment
necessary
to schemes
of Imperial
communi-
cation.

¹ But by 1910 the English view had so far advanced towards the Colonial that the Royal Commission on the trade relations of the West Indies with Canada did not hesitate, though it included two prominent British Free Traders, to combine postal with commercial considerations in a subsidy proposition. Even in 1907 the British Government took account of the trade aspect of the revived All-Red project; but only in order to find an excuse for condemning the scheme. Cf. *infra*, Ch. XV.

arrangements without seriously impairing the right or power of each autonomous unit to maintain whatever kind of fiscal system it thinks best. Why not, as the South African statesman then asked, kill two birds with one stone, especially when it is difficult to secure either of them in any other way?

As Lord Jersey remarked in his report, a feature of the Conference was the determination of the delegates to concentrate on the subjects referred to them and avoid extraneous matters. Only two subsidiary matters were touched upon. The President called attention to the condition of the law relating to copyright, a subject which was then, and for long afterwards, very difficult to handle Imperially. Canada had attempted, by means of Customs arrangements, to protect the interests both of Canadian publishers and of British authors against the flooding of the Canadian market with American editions. But the beneficent intention had been frustrated. "As the law now stands, it has closed every publishing establishment we had in Canada."¹ When, however, Lord Jersey mentioned that a committee on copyright was sitting in England, it was decided to postpone discussion of the question.

Sir Henry Wrixon (Vic.) complained that the efforts made, with real trouble, at the Conference of 1887 to harmonise the bankruptcy law of the various States had come to nothing. Bills had been drafted by eminent legal authorities, but had got no further. Meanwhile there had lately been several important bankruptcies, affecting houses doing business both in Britain and in Australia, in connection with the recent financial crash. Again urging the desirability of "continuity" in the work of the Conference, he had no difficulty in persuading the delegates to pass a

¹ R., p. 60.

A business-like Conference.

COPY-RIGHT.

BANKRUPTCY.

Lack of continuity of Conference.

resolution reminding their Governments of the proceedings in 1887 and urging them to "complete the necessary legislation."¹

Lord Jersey had played his part in the Conference with conspicuous success, his tact and ability evoking warm tributes from its members. The circumstance that he was not a supporter of the Liberal Government who had sent him was hailed as a welcome indication that the policy of the mother country in relation to the Colonies was becoming continuous. Returning home he presented to the Colonial Office a concise and convincing report, to which some allusion has already been made. Having reviewed the proceedings in regard to the three main proposals of intercolonial Preference, the Pacific cable, and the all-British mail service, he concluded :

LORD
JERSEY'S
REPORT.

"I have reported that it would in my opinion be advisable to extend the facilities already granted for intercolonial trade. The response to this request rests solely with Her Majesty's Government.

Impos-
sible to
apportion
Imperial
obligations
or benefits.

"The support which has been asked for the creation of a new mail service, and for a Pacific cable, is dependent to a great extent on the actions of Canada and the Australasian Colonies. . . .

"In weighing matters of combined Imperial importance it is impossible to define the exact proportion of advantage which will accrue to each country or Colony. To attempt to do so would result in failure to carry out any Imperial scheme. If such a scheme is found to be based on sound and practical grounds, then it should be supported as likely to advance the interests of the Empire as a whole.

"The success of commerce in any part of the Empire must have beneficial effects on this country.

"I am impressed with the belief that the three

¹ R., p. 256.

proposals of the Ottawa Conference are sound, practical, and full of great Imperial advantages.

Sentiment
not
enough.

“Commerce cannot be based on sentiment alone, but it is possible to clear away the snags and obstacles which may divert its stream into new regions. The Mother Country is asked to help in keeping clear the channels between her Colonies and herself, so that the flow of trade may be increased and the feeling of kinship uninterrupted. Never, perhaps, in our Empire’s history has such an opportunity presented itself. The ‘passionate sentiment’ of Canada, as Sir John Thompson so well described it, and the hopeful attachment of the growing Colonies of Australasia and the Cape, turn eagerly at this time to the Mother Country for some sign of her regard for their development.

Sands
running
out.

“Their leading statesmen appreciate the value of the connection with Great Britain, and the bulk of their population is loyal. It is within the power of Great Britain to settle the direction of their trade and the current of their sentiments for, it may be, generations. Such an opportunity may not soon recur, as the sands of time run down quickly. There is an impatience for action which would be tried by delay, and most sadly disappointed by indifference to the proposals which are now brought forward.

“A ready and generous consideration of them would be hailed with intense satisfaction. . . .” (R., p. 17.)

Such was the feeling of the British representative, returning from the Conference in Canada at a time when the Conservative Government there had lately lost their great leader after a desperate struggle against the policy of “commercial union” with the United States, and when there seemed a growing probability that the next general election might put the commercial unionists into power at Ottawa.

RIPON’S
REPLY TO
OTTAWA
RESOLU-
TIONS.

Having taken twelve months to digest Lord Jersey’s report, the British Government (Lord Rosebery, Premier; Sir William Harcourt, Chancellor of

the Exchequer ; Lord Ripon, Colonial Secretary) communicated their mature conclusions to the Colonial Governments which had been represented at the Ottawa session. In a lengthy despatch, dated June 28th, 1895, Lord Ripon dealt, first and foremost, with the Resolution affirming the desirability of reciprocal preference in trade as the "best" means of promoting the "stability and progress" of the Empire. He regretted that such should be the emphatic opinion of the "majority" (he might have said "all," the dissentients having been in favour of the principle of Preference) of the Colonial representatives :

" 7. The Resolution does not advocate the establishment of a Customs Union comprising the whole Empire, whereby all the existing barriers to free commercial intercourse between the various members would be removed, and the aggregate Customs revenue equitably apportioned among the different communities. Such an arrangement would be in principle free from objection, and, if it were practicable, would certainly prove effective in cementing the unity of the Empire and promoting its progress and stability. But it was unanimously recognised by the Delegates that the circumstances of the Colonies make such a union, for the present at any rate, impossible ; and it is, therefore, unnecessary to discuss the practical difficulties which stand in the way of its realisation.

Would
favour
a Customs
Union,

" 8. The actual proposition is something essentially different, namely, the establishment of differential duties in this country in favour of Colonial produce, and in the Colonies in favour of the produce of the Mother Country. Commercial intercourse within the Empire is not to be freed from the Customs barriers which now impede it, but new duties, confined to foreign goods, are to be imposed where none exist at present ; and existing rates of duty, now of impartial application, are to be either increased as against foreign trade or diminished in favour of Colonial trade."

but not
limited
Reci-
procity.

(Cd. 7824, p. 4.)

Doctrinaire Free Trade.

Against this proposal Lord Ripon proceeded to marshal all the objections which were later to become the staple of political controversy in Britain. But they were stated by him in an uncompromising tone of confident infallibility which to-day contrasts strangely with the apologetic and diffident qualifications of later Free Traders. Imperial Reciprocity would, he argued, provoke foreign retaliation, involve "a net loss of trade," and bring serious difficulties to the Colonies as well as disaster to Britain :

"19. . . . To this country it would mean a possible increase of revenue for a period, but at the same time a serious curtailment of trade, with loss of employment and enhanced price of food and other necessaries, and it would, in the main, be judged by its effect on our commerce and on the condition of our people.

"20. To the Colonies, on the other hand, it would, in the first instance, mainly present itself as a question of revenue. A remission of duty on the bulk of their imports would involve an entire readjustment of their fiscal system, requiring the resort to increased direct taxation or other means, and though there might be at first an increase in the price of their produce imported into this country, the revenue difficulty would probably appeal to them most strongly." (*Ibid.*, p. 6.)

Inter-colonial Preference condemned.

Then as to the proposed intercolonial reciprocities, leaving out the mother country unless the impediment of the Belgian and German treaties were removed, the British Government could scarcely conceal their alarm :

"27. . . . it will be difficult for one Colony to give a preference in its markets to the trade of another solely at the expense of the foreigner, and without at the same time diverting trade from the Mother Country or from sister Colonies which may not be parties to the arrangement.

"28. Serious injury might thus be inflicted on the

commerce of a neighbouring Colony, and unfriendly feelings generated, which might provoke retaliation, and would in any case estrange the Colonies concerned in a manner which would not conduce to the great aim which the Conference had in view throughout.

“29. Any agreement for reciprocal preferential treatment between two Colonies will, therefore, require careful consideration in regard to its probable effect on the commerce of the rest of the Empire. . . .”
(*Ibid.*, p. 8.)

The Resolution respecting the South African Customs Union was next cited as promising “additional complication” owing to treaty obligations, should the Orange Free State become a party to intercolonial reciprocities.

With obvious reluctance the British Government had decided, as Lord Ripon went on to explain, to endow the Australasian Colonies with as full a fiscal liberty as was already enjoyed by Canada and Cape Colony. Accordingly, an Act had already (1895) been passed with that intent; providing, however, that any Bill enacting differential duties should be reserved for the Royal Assent, so that the British Government might have an opportunity of considering it in relation to treaty obligations. They took “grave objection,” Lord Ripon remarked, to the type of law passed in New Zealand in 1870, under which the Governor was given power to suspend or modify Customs duties in accordance with any intercolonial agreement. Such a procedure deprived the British Government of the opportunity they desired.

Turning to the request of the Conference for the denunciation of the treaties which obstructed the policy of inter-Imperial Preference, Lord Ripon again pointed out that the Belgian and German treaties did not prevent intercolonial preference, nor preference

Belgian
and
German
treaties
upheld.

for the Colonies in the British tariff, but only preference for Britain in the Colonial tariffs. In his view the practical question was, therefore, whether the potential advantage to Britain of preference in the Colonies outweighed the disadvantage of having to denounce the whole of these two treaties; since Belgium and Germany had already signified their unwillingness to surrender the obnoxious clauses and let the remainder stand. Lord Ripon, again arguing in the papal style of doctrinaire Free Trade, had no difficulty in proving that it would not pay Britain to denounce the treaties. Her exports to Belgium and Germany were worth over £40,000,000 a year, at least as much as her exports to the Colonies. The two foreign countries might retaliate, but in any case :

“ 50. . . . With the denunciation of the treaties the commerce of the Empire with these countries would have to be carried on under fiscal conditions, subject to constant changes and fluctuations, or at all events without that permanence and security which is of primary importance to successful and profitable interchange.” (*Ibid.*, p. 12.)

Supposing afterwards Britain concluded new treaties the offending Colonies would be excluded, and

“ 51. . . . it would be very difficult for them, if in an isolated position, to secure advantageous terms except by very heavy concessions.” (*Ibid.*)

Having thus intimated (1) that the British Government were hostile to intercolonial Reciprocity because the Belgian and German treaties would exclude Britain from sharing the preference; and (2) that having weighed the pecuniary gain and loss to Britain they would not terminate those treaties, Lord Ripon, with an apparently unconscious irony, concluded :

"53. . . . I have observed with pleasure the unanimity which prevailed as to the importance and desirability in principle, not only of preserving but of strengthening the bonds of sentiment, sympathy, and mutual benefit which now unite the Empire. This was one of the main objects for which the Conference was summoned, and Her Majesty's Government are convinced that the result has been a substantial and permanent contribution to the establishment and maintenance of that mutual understanding and sympathy without which that Imperial union which we prize so highly can scarcely hope to be permanent." (*Ibid.*, p. 13.)

In a second despatch of the same date Lord Ripon dealt with the question of the treaty powers of the Colonies. Quoting with approval the remarks of Sir Henry Wrixon to the Conference, he stated the position to be as it has been described in the foregoing pages.¹ It may be noted here, however, that in the latest negotiations between Canada and the United States (1910-11) the relative importance of the positions assigned by Lord Ripon to the British Ambassador and the Colonial plenipotentiary respectively seems to have been reversed:

Colonial
treaty
powers.

"7. . . . The negotiations, then, being between Her Majesty and the Sovereign of the foreign State, must be conducted by Her Majesty's representative at the Court of the foreign Power, who would keep Her Majesty's Government informed of the progress of the discussion, and seek instructions from them as necessity arose.

"It could hardly be expected, however, that he would be sufficiently cognisant of the circumstances and wishes of the Colony to enable him to conduct the negotiation satisfactorily alone, and it would be desirable generally, therefore, that he should have

¹ *Supra*, pp. 171-74.

the assistance, either as a separate plenipotentiary or in a subordinate capacity, as Her Majesty's Government think the circumstances require, of a delegate appointed by the Colonial Government." (*Ibid.*, p. 15.)

In such cases there would be two special considerations for the British Government and Ambassador:

"9. These considerations are: the strict observance of existing international obligations, and the preservation of the unity of the Empire. The question, then, to be dealt with is how far these considerations necessarily limit the scope and application of any commercial arrangement dealing with the trade between one of Her Majesty's Colonies and a foreign Power, both in respect of the concessions which may be offered by the Colony and the concessions which it seeks in return.

"10. It is obvious that a Colony could not offer a foreign Power Tariff concessions which were not at the same time to be extended to all other Powers entitled by Treaty to most-favoured-nation treatment in the Colony. . . .

"Further, Her Majesty's Government regard it as essential that any Tariff concessions proposed to be conceded by a Colony to a foreign Power should be extended to this country and to the rest of Her Majesty's Dominions. . . .

"11. This point has already arisen in connection with negotiations on behalf of Colonies with foreign States. When informal discussions with a view to a commercial arrangement between the United States of America and Canada took place in 1892 the delegates of the Dominion Government refused the demand of the United States that Canada should discriminate against the produce and manufactures of the United Kingdom, and the negotiations were broken off on this point. Similarly, when Newfoundland, in 1890, had made preliminary arrangements for a Convention with the United States under which preferential treatment might have been

Imperial
unity and
trade pre-
ferences:

examples
of Canada
and New-
foundland.

accorded to that Power, Her Majesty's Government acknowledged the force of the protest made by Canada, and when the Newfoundland Government proposed to pass legislation to grant the concession stipulated for by the United States, my predecessor, in a despatch dated March 26th, 1892, informed the Dominion Government that they might rest assured 'that Her Majesty will not be advised to assent to any legislation discriminating directly against the products of the Dominion.' . . .

"12. If a Colony were to grant preferential treatment to the produce of a foreign country and were to refuse to extend the benefit of that treatment to the Mother Country and the other Colonies, or some of them, such a step could not fail to isolate and alienate that Colony from the rest of the Empire, and attract it politically as well as commercially towards the favoured Power. Her Majesty's Government are convinced that the Colonies will agree that such a result would be fraught with danger to the interests of the Empire as a whole, and that they will also agree that it would be impossible for Her Majesty's Government to assent to any such arrangement." (*Ibid.*, p. 17.)

Finally there was "the other side of the question." What privileges might a Colony legitimately seek or accept in the market of a foreign Power ?

Empire a
unit in
foreign
markets.

"13. . . . A Colony should not endeavour in such a negotiation to obtain an advantage at the expense of other parts of Her Majesty's Dominions. In the case, therefore, of preference being sought by or offered to the Colony in respect of any article in which it competed seriously with other Colonies or with the Mother Country, Her Majesty's Government would feel it to be their duty to use every effort to obtain the extension of the concession to the rest of the Empire, and in any case to ascertain as far as possible whether the other Colonies affected would wish to be made a party to the arrangement. In

the event of this being impossible, and of the result to the trade of the excluded portions of the Empire being seriously prejudicial, it would be necessary to consider whether it was desirable, in the common interests, to proceed with the negotiation.

“14. Her Majesty’s Government recognise, of course, that in the present state of opinion among foreign Powers and many of the Colonies as to differential duties, and in a matter which, to some extent, would affect only a particular Colony, they would not feel justified in objecting to a proposal merely on the ground that it was inconsistent in this respect with the commercial and financial policy of this country.

“But the guardianship of the common interests of the Empire rests with them, and they could not in any way be parties to, or assist in, any arrangements detrimental to these interests as a whole. In the performance of this duty it may sometimes be necessary to require apparent sacrifices on the part of a Colony, but Her Majesty’s Government are confident that their general policy in regard to matters in which Colonial interests are involved is sufficient to satisfy the Colonies that they will not, without good reason, place difficulties in the way of any arrangements which a Colony may regard as likely to be beneficial to it.” (*Ibid.*, pp. 17–18.)

Ripon’s
principles
discredited
by experi-
ence.

To-day the succeeding Liberal Government, after an interval of sixteen years, are apparently destined to signify their approval of Canadian legislation which is to be passed for the purpose (incidentally) of securing to the Dominion preference against the rest of the Empire¹ in the market of the United States, and which will thus, according to Lord Ripon’s pronouncement, seriously impair the unity of the Empire. There is a melancholy interest, too, in considering to

¹ This is admittedly the effect of the original proposal, which at the time of writing remains to be ratified by the legislatures of both Canada and the United States.

what extent subsequent events have conformed to some of the other views expressed in this historic despatch. The stated objections to Preference, so far as they have since been put to the test of actual experience, are seen now to have been bogeys pure and simple, the product of the diseased free-trade imagination. Intercolonial reciprocities, though they have been carried out on a fairly extensive scale within the last seven or eight years, have occasioned none of the anticipated friction, nor have they dislocated the fiscal systems of the Dominions or compelled any resort to direct taxation. The denunciation, in 1897, of the treaties with Germany and Belgium did not incite those commercially weaker countries to challenge Britain to a war of retaliation: and isolated Canada did succeed in obtaining a renewal of fair treatment by Germany without having to make any "very heavy concessions," while with Belgium she never had any serious difficulty. The shilling corn duty of 1902, which might have afforded a means of reciprocity between Britain and the Dominions, was not found to raise the price of bread or even of wheat.¹ Meanwhile the commerce of protected foreign countries has expanded in a manner completely falsifying the assumption that to levy import duties involves a "curtailment of trade"; even the Free Traders themselves, with their bewildered inconsequence, having lately taken to arguing that in foreign countries protective Tariffs have proved powerless to check the growth of imports. One modest experiment in Imperial Reciprocity would probably suffice to dispel what remains of the bogies; but that is precisely why the Free Traders stubbornly refuse to sanction any experiment, even limited to Preference under existing British duties.

¹ Cf. table of prices in Ch. XIII.

Finally, it may be noted that in 1895 the Liberal Government recognised the power of Preference to attract one country towards another "politically as well as commercially"; though in 1911 their successors are strenuously denying that self-same proposition, in order that they may view with complacency the attraction of Canada into the orbit of American continentalism.

CHAPTER VII

IMPERIAL TELEGRAPHY

WITH the adoption of the resolutions authorising the Canadian Government to carry on the business of the Conference after it had dispersed, the connection between the Ottawa Conference and the Pacific cable comes to an end. It will be of interest, however, and not irrelevant to the purpose of the present work, to give an account of how the project of the cable was ultimately brought to a successful completion.

Mr. Sandford Fleming, who had thus been entrusted with the responsibility of conducting what in later parlance would be called the "secretariat" of the Conference, seems himself to have been in sympathy with the views expressed by the "purely commercial man" from New Zealand. He regarded preliminary survey of the route as being in the nature of a bogey, not by any means indispensable to the further prosecution of the enterprise. That view was in effect supported by Lord Jersey who, in his very sympathetic report to the Colonial Office, quoted from a memorandum which had been submitted to him, after the Conference, by Mr. A. Siemens, a member of a leading electrical firm. Mr. Siemens believed that modern improvements had greatly reduced the importance of the technical reasons formerly advanced for the necessity of a detailed survey, and concluded:

A preliminary survey unnecessary.

"It may therefore be taken for granted that any technical obstacles which were apprehended in 1887

have now been overcome, and that the cable can be laid as soon as the financial question has been settled." (R., p. 13.)

Mr. Chamberlain's office—Imperial Committee appointed.

The Canadian Government, acting through Mr. Fleming, proceeded to invite tenders for the construction of the line. No less than six firms responded. Their tenders not only proved, practically speaking, that the cable was feasible, but also that the cost would be well within the estimates previously made by Mr. Fleming. In 1895 another change of Government in Britain brought Mr. Chamberlain and a new spirit to the Colonial Office. It is easy in retrospect to imagine that the new Colonial Secretary could not view with equanimity the tendency revealed at the Ottawa Conference for the Dominions, weary of official indifference and the Free Trade obsession, to set about organising an Imperial partnership of their own. Within a short time Mr. Chamberlain had arranged for an Imperial committee to consider the Pacific cable. This committee of six comprised two representatives each from Britain, Canada, and Australasia, with the Earl of Selborne (Under-Secretary for the Colonies) in the chair. Mr. Fleming attended as expert adviser to the Canadian representatives, *viz.* Sir Donald Smith (afterwards Lord Strathcona) and Mr. Mackenzie Bowell.

Trust and official witnesses hostile.

The inquiry opened in November 1896; and the report was signed, though not published, two months later. The Committee expressed their special indebtedness to Mr. Fleming, "whose long labours on the subject of a Pacific Cable have thrown much light upon the project and materially facilitated the task of the Committee." Nearly thirty witnesses were examined, including leading scientists, such as Lord Kelvin (by letter) and Dr. Muirhead; repre-

sentatives of important manufacturing firms and telegraphic agencies, and of the Trust, the Admiralty, and Post Office. Once more the British official witnesses, and they practically alone, shared the adverse views which the Trust witnesses expressed. Having regard to the responsible tenders already received, it was no longer possible for them to pretend that the cable could not be constructed. Accordingly their attack was concentrated upon the question of practical utility; the argument being that a cable involving so unusually long a section as that from Vancouver to Fanning Island would be too "slow," in speed of transmission, to carry the traffic. To this the other side replied that it would at any rate carry the traffic required, which was not expected to be so heavy as on lines serving an established trade route. Conflicting estimates were given as to the proportion of the existing Australasian traffic which the new cable might be expected to divert from the Trust lines. In this instance the Trust was rather in a dilemma; for it could not plead that its own shareholders would be ruined unless it prognosticated so large a diversion of traffic that the new cable would pay handsomely. Preferring to stick to the thesis that the Pacific cable would be bankrupt, it placed the probable diversion of traffic at not more than a third. The Canadians, on the other hand, estimated it at fully one-half, and the Committee finally placed it at from a half to a third. The potentiality of the growth of traffic was likewise disputed. The Trust and its friends habitually minimised it; urging that the increasing use of short "code" words would prevent the growth of revenue from keeping pace with the growth of business. On the other hand Australian men of business testified to the rapid supersession of the mail service by the cable in certain

Possible
division
and
growth of
traffic.

Duplica-
tion of
Pacific
cable.

Fleming's
distance
experi-
ments.

classes of correspondence; a tendency which could hardly fail to be accelerated by any large reduction of cable rates. Then there was the question of whether it would be immediately necessary to duplicate the line; the enemy of course maintaining that the single line would be wholly unreliable from the start. Mr. Fleming himself, though he did not share the opinion that breakdowns would be frequent, suggested that the duplicate line, if eventually laid, should go *viâ* Honolulu, so as not only to minimise the risk of seismic disturbance fracturing both simultaneously, but also to tap additional traffic. He had arranged an interesting experiment to throw light on the practicability of working an unprecedentedly long length of cable. At his instance the manager of one of the Atlantic cable companies caused the Canadian ends of two parallel cables to be joined, so as to form an unbroken circuit from Ireland and back. Over this length, exceeding the distance from Vancouver to Fanning Island, messages were sent without difficulty. In a memorandum¹ reviewing the evidence given before the Committee, Mr. Fleming could not refrain from pointing out how badly the Home official experts had been discredited by their earlier prognostications in this matter. Those who were now keeping up the opposition had formerly distinguished themselves by forecasting² depths of "12,000 fathoms," which no one still dreamed about; and a capital cost of over £3,000,000, where practical men had since tendered well under £2,000,000.

Committee
endorse
Pacific
project.

The Committee came to the conclusion that the cable was perfectly feasible, though they still thought that a survey would be indispensable. They preferred the British route *viâ* Fanning Island, omitting the Hawaiian Islands. They strongly recommended the

¹ A.A., pp. 230-1.

² British Post Office. *Cf.* R. (1887), p. 218.

principle of State ownership, with a joint board to manage the concern on behalf of the associated Governments. Allowing liberally for maintenance and amortisation, they thought the cable might become "a paying concern" within four years from its completion. The Canadians, reporting separately to their own Government, took a more optimistic view of the probable financial results.

A few months after the report of the Committee had been made (though not yet published) the third session of the Imperial Conference took place in London, in connection with the Diamond Jubilee. In the course of his opening address Mr. Chamberlain alluded to the subject as having been discussed at the Ottawa Conference, though it was not one which the British Government regarded as "urgent."

Discussed
at Imperial
Confer-
ence, 1897.

The proceedings were private, and the only reference to the Pacific cable in the official summary was as follows :

"The question of the proposed Pacific cable was brought up, but the majority of the Premiers desired that the subject should be deferred until they had had time to consider the report of the Committee appointed to consider the question last year. It was, however, pointed out to the members of the Conference that the matter was not one in which the United Kingdom was taking the initiative, although Her Majesty's Government were ready to consider any proposal for working with and assisting the Colonies, if they attach great importance to the project; and that they would now await definite proposals from the Colonies interested before proceeding further in the matter." (R., p. 19.)

But presently it transpired that a new turn had been given to the situation by a bold move on the part of the Trust; which had put before the Conference a proposal to lay a new cable from England to the Cape,

Trust's
alternative
proposal.

viâ Gibraltar, Sierra Leone, Ascension Island, and St. Helena. The Trust was willing to extend this line at once from the Cape to Australia, *viâ* Mauritius, in return for certain concessions. This new line would, the Trust suggested, provide an alternative and all-British route to Australia, doing away with the necessity for any Pacific cable. It was a masterly stroke against the incipient Imperial partnership, bribing the South African and Australian Governments with a bird in the hand. South Africa had suffered much not only from the high charges but from the unreliability of the two existing lines which, diverging at Gibraltar, ran down the west and east coasts respectively of Africa to the Cape. For the past four years the annual average of interruptions had amounted to seventy-five days on the west coast and eighty-seven days on the east coast; and during the Transvaal crisis an interruption of eleven days had occasioned great anxiety.¹

Bribing
S. Africa
and Aus-
tralia.

This unreliability was due to the shallowness of the coastwise routes; whereas the new line would lie mainly in deep water. Thus the proposal could hardly fail to detach the South African Governments from the Imperial partnership, which so far had got no further than to approve in principle of a cable being laid on precisely the route now proposed by the Trust.

To the Australian Governments likewise it was the offer of a bird in the hand. The Admiralty would be attracted by the prospect of cable communication with the coaling stations at St. Helena and Ascension. Canada alone was beyond the reach of the seducer. A change of Government had taken place at Ottawa² soon after Mr. Chamberlain's accession in Downing Street; but the new Postmaster-General, Mr. (after-

Canada
impreg-
nable.

¹ A. A., p. 241.

² Summer 1896.

wards Sir William) Mulock soon showed that the Liberals in Canada were determined to be at least as good Imperialists as their predecessors. It was he who inaugurated Imperial penny postage with the United Kingdom (January 1st, 1898); and he entered with zeal into Mr. Fleming's project of an Imperial girdle of State-owned cables, with a first link across the Pacific.

The situation was undoubtedly critical, because the agreements entered into at the beginning of the decade by the Australasian Governments with the Trust would soon be expiring; and it would then be necessary to make fresh arrangements for another term of years. Months went by; and still the report of the Imperial Committee, which had sat before the Conference assembled in 1897, was not made public. Canada protested vigorously against the alleged machinations of the Trust. Partisans of the Pacific cable naturally fell back on the old clue, Sir John Pender's remark in 1887, "Our system is very much in touch with Her Majesty's Government." But Mr. Chamberlain was never that kind of Minister. More probably the report was withheld at the desire of those Governments which were not disposed to fall in with its recommendations. Mr. Chamberlain himself had to deal at the Treasury with Sir Michael Hicks-Beach, a representative of the old official school which had long since, in 1887 and afterwards, impressed the Colonial Imperialists with the reluctance of Britain to embark on such enterprises as the Pacific cable. In August 1898 the Colonial Office was officially informed that at a conference held in Sydney the Governments of New South Wales, Victoria, Queensland, and New Zealand had agreed to contribute one-ninth each towards the cost of the cable, if Canada and Britain between them would find the remaining five-ninths.

Sup-
pression
of Com-
mittee's
Report.

Partial
agreements
of Aus-
tralian
Colonies.

So Western Australia, South Australia, and Tasmania were falling away.

Chamberlain takes the Imperial view,

In April 1899 Mr. Chamberlain was able to communicate the decision of the British Government. They had "never concealed their opinion that the construction of a Pacific cable is a matter of much greater importance to Australasia and Canada than to the United Kingdom." The only inducement for the mother country to participate was that the success of the enterprise would promote Imperial unity.¹ Accordingly they proposed that the responsibility of constructing and working the cable should be borne by Canada and Australasia, who would retain any future profits therefrom. The United Kingdom would offer an annual subsidy, not exceeding £20,000, towards any deficiency in traffic receipts; in return for which the Treasury would expect the right of supervising the construction of the line, and of having the scale of charges and the annual accounts submitted for its approval. This decision gave great disappointment to the Colonial Governments. Their representatives in London jointly protested against the claim of control on the part of the Treasury as a condition of the proffered assistance. But "the serious part of the proposal" was that the Colonies could not raise the requisite capital on terms so advantageous as might be arranged by the British Government. Thus the subsidy offered would be largely swallowed up in an increased charge for interest on capital. The Colonies felt unable to proceed with the enterprise on those lines. It had "always been understood that the construction and operation of the cable would be under the joint control of the Mother Country and the Colonies, and that there would be a joint ownership on some conditions to be agreed upon." They

but stipulates for Treasury control.

Colonies urge full partnership.

¹ Cd. 9283, p. 4.

urged Mr. Chamberlain to reconsider the decision from the standpoint of Imperial unity.¹ Feeling "the force of the consideration based on higher grounds than mere commercial expediency," Mr. Chamberlain was able to accede. In the following month (July 1899) a conference was held at the Treasury, resulting in an agreement that Britain and Canada should share the remaining five-ninths of the liability in equal proportions, and that a board of control should be appointed to carry out the enterprise forthwith. The Board would consist of eight members, of whom the British Government would nominate three (including the chairman), Canada two, and the Australasian Colonies three. The instrument constituting the Board was issued from the Colonial Office on November 25, 1899. The construction of the cable at last seemed to be assured.

Chamberlain accedes — Pacific Cable Board created.

Meanwhile the Colonial Secretary had been in correspondence also with Private Enterprise. Two of the British Atlantic cable companies separately wrote to him pointing out that the employment of the Canadian-Pacific Railway Company's telegraph line for the trans-Canada section would impair the all-British character of the new route. The C.P.R. line was all-British from Vancouver to Montreal. But between Montreal and Nova Scotia it traversed the State of Maine, and would thus be liable to American official control in any time of crisis.² Moreover the Canadian-Pacific Company was bound by its current contracts to transmit all its messages to European destinations by American Atlantic cables. To obviate this difficulty the Anglo-American Telegraph Company, a British concern, offered to appropriate to the use of the Pacific cable one of its four Atlantic cables (landed in Newfoundland) and to

Question of Canadian land line.

¹ Cd. 46, pp. 2-4.

² *Ibid.*, 46, p. 2.

arrange an all-British route through to Montreal.¹ This offer ought, one would think, to have been attractive. But it was rejected in favour of the C.P.R. Co. (presided over by Lord Strathcona, the High Commissioner for Canada), which undertook only to provide an all-Canadian land line, from coast to coast.²

The Trust
protests
against
the
cable.

Of more general interest was Mr. Chamberlain's correspondence with Lord Tweeddale, who now represented the Trust. The Trust was again pestering the Colonial Office with letters of protest against the Pacific project. It had been "advised" that the "experiment" of a cable *viâ* Fanning Island "would be attended by considerable risk and be of very doubtful commercial value." But if the British Government were intent upon the project the Trust "would be quite willing to establish a Pacific cable on reasonable terms,"³ provided that the cable could be laid *viâ* Honolulu, which would mean tapping some additional traffic. If this offer were rejected and State-aided competition begun, the Trust would claim compensation. Another letter followed. The Trust was feeling worried by "the sentiment that has developed for all-British cables." Originally the Companies had worked "on broad international lines"; but latterly they had felt obliged to modify this policy, even giving up their land line through France. If the Pacific cable project must really be persisted with, the Trust believed that it would itself be able "to devise a scheme by which all the objects sought to be attained could be fully met without the Government or the Colonies concerned incurring any liability beyond entering into a nominal guarantee."⁴ So said the spider to the fly.

When he had time to reply Mr. Chamberlain

¹ Cd. 46, pp. 23-38.

² *Ibid.*, p. 25.

³ *Ibid.*, p. 8.

⁴ *Ibid.*, p. 21.

explained at some length, with characteristic lucidity and force, his conception of the relation between State and private enterprise. Since the question is one which, in connection with the problem of Imperial communications, is probably destined to become very prominent again, a considerable portion of his two letters is given in an appendix (B) to this volume. It will be noticed that he disavowed any deliberate intention of diverting traffic from the Trust's lines; an attitude which—as the Trust protested—could hardly be predicated of all the promoters of the Pacific cable, even the Committee of 1896 having based its estimate of revenue on the assumption that a considerable portion of the existing European traffic would be diverted to the new line. The Colonial Secretary said that the competition of the State-owned cable would be merely incidental to its main purpose, and would in any case be conducted on strictly commercial principles, just as though it too were a private enterprise.

Chamberlain on State and private enterprise

In the course of this correspondence the Trust unfolded the new proposal which it was making to the Australian Governments in regard to its projected cable *viâ* the Cape. Its original proposition had involved subsidies amounting to about £57,000 a year from the Colonial and British Governments.¹ But the announcement in April 1899 of the British Government's decision to support the Pacific project, coupled with the belated publication of the Imperial Committee's report in favour of the project, appears to have induced a very different frame of mind in the Trust. It may well have perceived that the last chance of dishing the Imperial partnership would soon be gone. At any rate it left no stone unturned to accomplish that purpose at the eleventh hour. It now proposed to lay the new cable to Australia *viâ*

Trust's revised Cape-Australia proposal.

¹ Cf. App. B.

the Cape without requiring any subsidies at all. Further, it would reduce the rate between England and Australia at once to 4s. a word, with progressive reductions to follow so long as its net receipts from the Australian traffic did not fall below £350,000 a year, down to a minimum of 2s. 6d. a word, thus undercutting the proposed rate by the Pacific cable. All it asked to be given in return was the right, which it already enjoyed in England and South Africa, of opening its own offices for the collection and delivery of messages, and special wires on the Government poles to connect its terminal at Adelaide with some of the other capitals, instead of having to depend on the Post Office services. This concession it deemed indispensable in order to compete on equal terms with the prospective State-owned cable, the managers of which would control the Australasian Post Office; and it asked the Colonial Secretary to press for the privilege. Mr. Chamberlain replied by pointing out that the Australasian Governments would be obliged, under the International Telegraph Convention (to which those Colonies were parties) to transmit by the Companies' lines all messages "marked" by the senders for that route; but as to personal intervention, he could not disregard the exclusive authority of the Colonial Governments.

An insidious bribe.

Unquestionably it was a bold and clever move for the Trust to have made. Mr. Mulock was told by some of the Australian Agents-General in London that the Pacific Cable was already "as dead as Julius Cæsar."¹ The Canadian Government had reason for alarm. The promise to reduce the European rate forthwith from 4s. 10d. to 4s., with the prospect of a further reduction to 2s. 6d. before ever the Pacific cable could be opened for traffic, destroyed the com-

¹ A. A., p. 306.

mercial attraction of the Imperial project for Australasians. In addition, the rate between Australia and the Cape was to be reduced by the new line from 7s. 1d. to 2s. 6d. Apart from the waiving of the unpopular demand for subsidies, the sliding-scale proposition was ingenious; depending as it did on the growth of traffic, so that it could not take its full effect in practice unless all the Australian business went by the Trust lines. For Australia to accept the bribe would, therefore, be tantamount to rejecting the Pacific project once for all. Commercially the success of the Trust's proposition would depend largely on all the Australian Governments accepting it together; and the Trust might have been expected to impose that obvious and reasonable condition. Instead of so doing, it made the offer to each Government separately, apparently with the motive of breaking up the Imperial partnership eventually if not at once. In Australia federation was now imminent; and the new Commonwealth would then take over and unify the six separate postal administrations. Within the short remaining interval of political disunion it might be impossible for the Trust to get all six administrations to accept its offer. But if only one or two of them could be induced to do so, their commitments would be inherited by the Commonwealth, even if it inherited also a share in the rival State-owned cable. The conflict of public interests which would inevitably follow might prove incapable of solution except by transferring the State-owned Pacific cable to the Companies, which would then work it as part of their monopoly system. Accordingly the Trust proceeded to approach the Australian Governments individually, exerting all the local influence at its command.

Trust's
strategy—
*divide et
impera.*

The initial success of this campaign had already

been foreshadowed by the abstention from the post-Conference negotiations in London of the western group of Colonies in Australia, which would gain most by the new cable *viâ* the Cape. South Australia, long since enmeshed with the Trust, had never concealed her dislike of the Pacific project; though she had in effect promised not to stand out in the last resort.¹ She now accepted the bribe, taking Western Australia and Tasmania along with her. In April 1900, just a year after the British Government's decision to support the Pacific cable in the interests of Imperial unity, these three Colonies signed their agreements with the Trust, granting it in perpetuity the right it had demanded. Forthwith it favoured them with the first instalment of reduction in rates, thus penalising the outstanding Colonies heavily for their loyalty to the Imperial partnership. About the same time protracted negotiations with the South African Colonies were also brought to a conclusion. There the situation had hitherto been complicated by the necessity of bringing the South African Republics also into line; but that difficulty ceased with the outbreak of war in 1899. In consideration of the new cable from the Cape to England, the South African and British Governments were to contribute a subsidy of £8500 for a period of twenty years, from January 1, 1900, with an option (not exercised in 1910) of terminating the agreement at the end of ten years. The ordinary rate was to be reduced at once from 5s. 2d. to 4s. a word (it had been reduced in 1895 from 8s. 9d.) with half-rates for Government messages. There were to be periodic reductions afterwards, so long as the "net receipts" of the Trust from its South African business did not fall below £300,000 a year, down to a minimum of 2s. 6d. for

Secession
of three
Australian
Colonies.

Trust
secures
South
Africa.

¹ *Supra*, p. 198.

ordinary messages. If the receipts exceeded £300,000 the subsidy was to be proportionately reduced. But instead of being all-British the cable was to go *viâ* Madeira (Portuguese) for the sake of getting shorter sections and quicker transmission. As regards the extension to Australia, Cape Colony and Natal were to lease to the Trust a copper wire between Cape-town and Durban. There was to be an immediate reduction of the ordinary rate to Australia from 7s. 4d. to 2s. 6d., with half-rates for Government messages.¹

Of the complete, or practically complete, Colonial combination which had been represented at Ottawa in 1894, there were now left only Canada, New Zealand, Queensland, New South Wales, and Victoria. Five, including the South African pair, had already been detached. It remained to be seen whether the Trust could not still effect a further disintegration. Though all the preliminaries had been arranged, even to the constitution of the Board of management representing the six partner States, the deed of Imperial partnership was not yet signed. Like Canada, New Zealand was impregnable; not because she was independent of the Trust cables, but because her Postmaster-General, Mr. Ward, was a keen advocate of the Imperial project, and by his strikingly successful management of the postal department had created public confidence in his administrative ability. Accordingly the Trust had to direct its efforts to the seduction of one or more of the three remaining Australian Colonies. Queensland had been uncompromisingly resolute from the outset, and was a hopeless case. But it was always possible to manipulate the commercial jealousy between Sydney and Melbourne with a fair prospect of setting the two leading Colonies by the ears. It was aggravating

Trust's
final cam-
paign in
Australia.

N.Z. and
Queens-
land im-
pregnable.

Trust
exploits
rivalry of
N.S.W.
and
Victoria.

¹ Cape Colony, Report of P.M.G. for 1899, p. 66.

enough for the business men of Sydney and Melbourne together to have to pay more for their cablegrams than their brethren in the western Colonies. But the position would become intolerable if either of the two great rivals failed to secure a reduction when the other did so. The Governments of Victoria and New South Wales became, therefore, the special objects of the Trust's solicitation. In both Colonies the daily press was very powerful. Tempted no doubt by the prospect of immediate reduction in the cost of the European news service, it now supported the Trust with remarkable unanimity. The Melbourne *Age* took the lead. Within four years, it argued, the Trust proposal would mean a saving to Australian cable-users of nearly three-quarters of a million sterling. Why should they forego this immediate benefit in expectation of the "dim and distant future" when the Pacific cable might be laid? "Perhaps the Pacific cable would never be laid at all, and in that event what possible hope would there be of obtaining from the Eastern Extension Company such favourable terms as are offered now?"¹

Of course there would have been no hope. Then, why listen to those "Canadian adventurers"?² Why be dictated to by Downing Street, *i.e.* by the joint Pacific Cable Board? It remained for the reputedly "disloyal" Sydney *Bulletin* to stand firm for the cause of Imperial partnership. With this ally in the press the three Australian Governments held their ground. The deed of Imperial partnership for the construction and operation of the Pacific cable was signed on the last day of 1900. The Commonwealth, in accordance with the Royal proclamation of September 17th preceding, came officially into existence with the New Year, on January 1st, 1901. The

Deed of
Imperial
partner-
ship signed,
Dec. 31,
1900.
Common-
wealth
instituted,
Jan. 1,
1901.

¹ *Age*, April 16, 1900,

² *Ibid.*, July 3, 1900.

date at which the Postal Departments of the several Colonies would be taken over by the Federal Government was now only a question of administrative convenience.

Fast as the sands were running out, the Trust was not yet beaten. Within three weeks from the signing of the Pacific partnership, and on the eve of the transfer of the State postal systems to the Commonwealth, public opinion was startled by the news that New South Wales had accepted the Trust's offer after all. Unable, apparently, to resist the temptation of getting an advantage over the Victorians, the New South Wales Government had come to much the same terms as the three western Colonies. The Trust was to be given in perpetuity the right of opening offices in Sydney and the exclusive use of a special wire on the Government poles. The latter facility was in order to avoid the risks of congestion on the ordinary wires, which the Pacific Cable Board would have to employ unless they obtained a similar privilege. The Minister immediately responsible for the bargain was the late Mr. Crick, whose political career was destined to terminate a few years later in connection with certain transactions in the Lands Department of which he was in charge. The other Governments were intensely indignant at what they naturally regarded as a gross breach of faith seriously altering the conditions under which the cable could be operated. Mr. Chamberlain telegraphed that Canada was "considering her position."¹ The best excuse which the Sydney newspapers could offer was that the people were "tired of waiting"² for the Pacific cable. It was a singularly unconvincing one, seeing that a contract had already been signed with the

Trust
seduces
N.S.W.

¹ *Times*, February 6, 1901.

² *Sydney Morning Herald*, May 16, 1901.

Telegraph Construction and Maintenance Company for the completion of the cable, at a cost of nearly £1,800,000, within two years.

Financial prospects of Pacific cable.

No doubt the financial prospects of the Imperial enterprise were seriously impaired by the concession in New South Wales, the wealthiest State of Australia, of even greater facilities to the Trust than the Pacific Cable Board would enjoy in the ordinary course. In Queensland, Victoria, and New Zealand the Governments might, if so disposed, use their control of the Post Office to transmit by the Pacific cable any or all European messages not marked to go by the Company's route. But in New South Wales, as in the non-partner States, the Pacific Cable Board would have to compete actively for any European traffic other than Government messages against an old-established and advantageously-placed rival. Thus the Board would be compelled to spend on advertising and canvassing some of the revenue which might otherwise have been available for reducing cable rates. Yet the action of New South Wales, which remained a partner in the Pacific cable, only brought to a sudden head a fundamental question which the Colonial Governments had never really faced, though it had always been present to the mind of the British authorities. In the Colonies the relations which would subsist between the Pacific Cable Board and the Company had not been clearly thought out in advance. It had been openly assumed that the financial success of the Pacific cable would depend on the diversion of business from the Trust; and it had been tacitly assumed that the postal administrations would see to this in the interests of the State enterprise. But for the deserved unpopularity of the Trust with the general public which it had so long used its unchallenged monopoly to bleed, the unfairness of the

Principle of State competition.

treatment contemplated might have been more widely recognised than it was. Mr. Chamberlain, as has been seen, dissociated himself from the prevalent Colonial view in so far as he urged that competition for European traffic was not the primary purpose of the Pacific cable, and that in any event such competition should only be conducted on commercial principles. In effect he seems to have admitted the claim of the Trust for that equality of competitive conditions which it was within the power of the Australasian Governments to grant or withhold. The situation would appeal to his experience—though this was a larger matter and one of enormous importance prospectively—of the difficulty which had long been familiar in the field of “municipal trading.” When a municipality begins to compete in the supply of water, tramways, or similar services, private enterprise has got to quit the business sooner or later, accepting whatever compensation it can get. So must it be with the trunk cable lines of the Empire, unless wireless telegraphy is to supersede them altogether. It becomes a question of fair terms of expropriation.

The other Colonies certainly had a substantial grievance. In obtaining the right of opening its own offices in Sydney, the Trust had only secured equality with the Post Office; but the further concession of a special wire had not been offered to the Pacific Cable Board as well as to its rival. In addition, the Trust was given exemption from light dues and parliamentary taxes; and all these concessions were made in perpetuity instead of being for a limited term of years.¹ Such was the complication which the Commonwealth now inherited. Mr. Fleming himself did not oppose the proposal of the Trust to lay the new Australia-Cape cable, although it forestalled deliberately his

Preference
given to
Trust.

Fleming
advocates
expropria-
tion clause.

¹ Sir Horace Tozer, in *Times*, June 9, 1903.

own plan of continuing the State-owned system, after the Pacific cable was completed, along that important and hitherto unoccupied route. On the contrary, he welcomed the prospect of this all-British line being constructed at once, even by the Trust. Only he urged strenuously that, in the interests of the Imperial scheme, the contracting Governments should insert a clause reserving power to buy the proposed cable from the Trust at any time. But the three seceding Governments apparently did not insist on any such condition, and signed their agreements without it. That omission was useful to the Trust when the Governments of New South Wales and Victoria, in the course of the protracted negotiations, demanded the insertion of a purchase clause. As Mr. Fleming was afterwards able to point out, the Government of the United States were not so careless of the future as the western Governments in Australia had been. In 1902 a concession was granted to the Commercial Pacific Cable Company for a line from San Francisco to China. Besides being bound to declare that it was not receiving any exclusive privileges, the Company had to recognise the right of the United States at any time to purchase its cable lines and other property at an appraised value.¹

Work on the Pacific cable was begun forthwith. The survey was completed by the contractors between May and October (1901), and repaid its expense by revealing that though the bottom was generally favourable a better bed could be obtained by making deviations here and there. Instead of the 12,000 fathoms (10 statute miles) which had been gravely prognosticated by experts in 1887, the greatest depth was only 3200 fathoms and the average was 2700.² On November 1, 1902, the Governor-General

Pacific
cable
completed,
1902.

¹ A. A., p. 416.

² *Times*, November 1, 1902.

at Ottawa received the following historic message, dated the previous day, from his neighbour, Sandford Fleming, this being the first telegram ever sent right round the world :

“Receive globe-encircling message *via* England, South Africa, Australia, and Pacific cable congratulating Canada and the Empire on completion of the first segment State controlled electric girdle the harbinger of incalculable advantages national and general.” (*A. A., Appendix.*)

Replying to a question in the House of Commons, Mr. Austen Chamberlain, then Postmaster-General, was able to say that the Pacific cable had been laid in perfect condition, and that the tests were satisfactory, the speed of transmission exceeding the anticipations of the expert witnesses who had given evidence before the Committee.¹ By the end of the year (1902) it was open for traffic.

Meanwhile the Cape-Australia line had already been completed by the Trust, the same contractors being employed as on the Pacific line. It was opened for traffic on November 1st, 1901, fully twelve months before the Pacific cable. The promised reductions of rates, now to be enjoyed by all the Australian Colonies except Queensland and Victoria, were carried out as follows :

Cable rate reduced.

May 1st, 1900, S. A., W. A., and Tas.	4s. 9d. to 4s. 0d.
Jan. 1st, 1901, S. A., W. A., and Tas.	4s. 0d. to 3s. 6d.
Feb. 1st, 1901, N.S.W.	4s. 11d. to 3s. 6d.
Jan. 1st, 1902, S. A., W. A., N.S.W., and Tas.	3s. 6d. to 3s. 0d.

The further reduction to 2s. 6d. was never reached, the Pacific cable being expected by the Trust to divert about one quarter of the traffic between Australasia and Europe.² But the reduction within ten years from 9s. 4d. to 3s., which did not prevent

¹ December 4, 1902.

² *Times*, May 7, 1903.

the Trust from continuing to pay its dividend, was a sufficiently substantial result for the Pacific cable to have achieved by the time it was laid. In other quarters also the Trust was confronted with the march of events. On July 4, 1903, the American cable was completed from San Francisco to Manila, and became a new competitor in the traffic with the Far East. With this rival, however, the Trust presently succeeded in effecting an amicable arrangement.¹

American Pacific cable opened.

The prospect of any extension of the Imperial cable partnership being made at the session of the Conference in 1902 was damped by the publication in April of the report of an inter-departmental Committee which had been sitting to consider the whole subject of the existing arrangements and future policy, under the presidency of Lord Balfour of Burleigh.² The Committee settled the general question in an off-hand and academic style. In their opinion the "normal" policy should be to encourage "free trade in cables"—by which they meant abstention from further subsidising³—as though the "free trade" which they imagined to exist were not purely theoretic, having in practice become the very mainstay of an invulnerable and oppressive monopoly. No departure from this normal policy would be advisable, the Committee thought, "unless such assistance is required for the preservation of some national interest—*e.g.* for the maintenance of a strategic line." It seems, indeed, that strategic considerations were the only kind of "national interest" that the Committee could think of, such objects as the promotion of com-

Departmental Committee on cable communications, 1902.

Academic free trade.

¹ Eastern Telegraph Company meeting, *Times*, Jan. 28, 1904.

² Also chairman of the West Indian Commission in 1909-10, when the influence of his Canadian colleagues seems to have modified his free trade dogmatism. *Cf.* note to p. 284.

³ For total subsidies already paid, *cf.* App. C.

merce or closer union of the Empire being apparently excluded. Similarly the Committee expressed themselves as "strongly opposed to any scheme for the general purchase of private cables by the State." They estimated the market value of the British companies' stock at about £25,000,000 (including the heavy reserve funds, &c.), though Sir Edward Sassoon put the market value of the actual cables at not more than £5,000,000. Difficulties would arise, they apprehended, if the British Government should try to work cables at landing-stations on foreign territory with British operators. On general grounds they were quite sure that private companies must work submarine cables more efficiently than the State, though they did not adduce experience in support. But in reality no one was seriously proposing that the Governments should purchase all the cables. The only live suggestion which the Committee might have dealt with was that the Governments should obtain, either by purchase or by laying new lines, a complete circuit of telegraphs under their own control right round the Empire, on the principle of the Pacific cable. Practically all that the Committee felt able to recommend was that the companies might be asked to consider the question of reductions here and there; and that in future there should be a standing Committee, comprising representatives of the Treasury, Foreign Office, Board of Trade, War Office, and Admiralty, to be known as the Cables Committee, for the purpose of reviewing the position whenever fresh applications for landing rights were made; landing rights being the "most powerful lever" remaining in the hands of the State.

One result of the decision to hold the inquiry seems to have been that a long-overdue reduction was at last made by the Trust in the rates to and from

Indian
rates
reduced,
1902.

India. It had been a standing grievance with cable users in India that the rate to England had remained at 4s. after it had been reduced in 1891 for Australia—to which India was half-way house—from 9s. 4d. to 4s. 9d. From their point of view it was a case of 4s. to India as compared with only 9d. on to Australia. The Viceroy, Lord Curzon, had described the excessive cable rate as “inimical to trade, a barrier to ever-growing intercourse between India and the Mother Country, and obsolete and anomalous in itself.” The Trust shielded itself behind Russia and Germany, whose consent, under certain international arrangements, was necessary to any reduction. At last, when it became clear that there was no insuperable opposition in that quarter, the rate was reduced to 2s. 6d. on March 1st, 1902, and subsequently to 2s. In the case of India, unlike Australia, the stimulus of threatened competition had been lacking.

The
Australian
muddle.

The new Commonwealth was at once confronted with the difficult duty of somehow reconciling its conflicting interests in the Pacific cable partnership and in the State agreements with the Trust. The then Prime Minister, Sir Edmund Barton, had his hands full enough with the work of setting the federal machine into motion, without the worry of such exceptional and aggravating details of administration. Mr. Mulock came from Canada to discuss the question. Sufficient allowance for the strain of the situation hardly appears to have been made at Ottawa, where the alleged apathy or hostility of the Australian Government was somewhat harshly criticised in the Senate.¹ To his Canadian inquirers Sir Sandford Fleming suggested that the ultimate solution of the conflict with the Trust could only be found in the completion by the partner Governments

¹ April 27, 1903.

of the electric girdle round the world. Sir Edmund Barton was, however, attending to the question. He signed an agreement (June 8th, 1903) with the Trust under which the perpetual agreements of the several States would be merged in a federal agreement of ten years' duration, to continue thereafter subject to two years' notice from either party. In return for the surrender of its right in perpetuity the Trust was to enjoy in Victoria also the privileges which it had secured in the other contracting Colonies of opening its own offices and having a special wire. The agreement was approved by the House of Representatives; but the Senate decided that the other parties to the Pacific cable should have an opportunity of considering its effect upon that enterprise. A conference held in London (June 1905) came to the opinion that the date of termination of the agreement ought to be settled at once instead of being allowed to stand over for decision in 1913. An amendment was accordingly inserted by the Senate to the effect that the perpetual agreements with certain States should be absolutely cancelled at the expiration of the federal agreement on December 31st, 1915. This amendment the Trust declined to accept, objecting that it had been led to expect that the power of determination would not be exercised so long as it continued to give satisfaction to the telegraphing public. The Commonwealth Government subsequently (April 3rd, 1906) cancelled the right provisionally granted to the Company of having direct relations with the public at Melbourne; but the other rights under the separate State agreements remain unaffected and continue to be exercised. The reduced scale of rates which had been provisionally extended to Victoria and Queensland was not, however, now withdrawn; the Trust doubtless not desiring to keep the sore open after

The
Barton
compro-
mise not
ratified.

those Colonies had lost through federation the power to submit.

Trouble
with land
lines.

Though the Pacific cable itself continued—and has since continued—to work satisfactorily, trouble soon arose in regard to the connecting land lines. The Commonwealth wire to the terminus at Southport proved to be faulty. In Canada the difficulties were more serious, forest fires and other vicissitudes causing frequent delays, while the wires of the Canadian Pacific Railway would sometimes be congested with local traffic. The Account for 1907–8 recorded an interruption of seventy hours on end; a gale having thrown down all the telegraph posts in Vancouver Island, where the Pacific cable lands at a remote place called Bamfield Creek. The next yearly Account (1908–9) stated that interruptions of this kind had adversely affected the interests of the Board, not only diverting traffic back to the Eastern Extension Company but impairing the prestige of the Pacific system. The summarised financial statement which is given in an appendix¹ to this volume shows how the growth of the traffic had been checked. But in the latest available Account (1909–10) the Board were able to adopt a more hopeful tone. They had arranged to lease from the C.P.R., at £11,500 a year, a special copper wire from Bamfield through to Montreal, which would not only give them exclusive control all the way from Montreal to Australia, but would enable them to use the European system of signalling throughout, instead of having to transmit messages by the American Morse system, which had been a source of error in dealing with code messages especially. Thus they hoped to improve the speed, regularity, and accuracy of the service. Unfortunately the Board had not been equally successful in

Pacific
Cable
Board
obtains
own wire
in Canada.

¹ App. F.

their "earnest appeal" to the Australian Government to give them a modern type of wire from Sydney to Southport.

Another special feature of the last Account was the announcement that, as a result of the Empire Press Conference in 1909, the press rate between Australia and England had been reduced from 1s. to 9d. A table was appended showing that, reckoning international messages of all kinds, the traffic over the Pacific cable had risen from 864,969 words in the first year to 1,356,135 in 1909-10.

As to finance, the receipts had risen from £80,118 to £111,723, though the improvement had not been continuous owing to the troubles already mentioned. Working expenses had increased from £90,325 to £93,767. But in addition to those expenses the Board are under a statutory obligation to lay aside each year a fixed terminable annuity of £77,545 (covering interest and sinking fund) besides a contribution to reserve fund for the renewal of the cable, which began at £35,500 and has gradually been diminished to £30,000. The capital is thus being replaced twice over, which seems extravagant prudence. Unfortunately the items of interest and sinking fund are not separated from each other in the terminable annuity, so that it is impossible to re-state the finance of the Pacific cable in such a form as to render it comparable with that of an ordinary cable company. It was never expected that the enterprise would be able to meet so heavy a permanent charge all at once. The average short-fall of revenue for the first seven years was about £68,131, which the shareholding Governments had to make up by *pro rata* contributions. By the end of 1910, however, it was unofficially announced¹

¹ *Times*, Dec. 1, 1910.

that the estimated shortfall for the ensuing year would amount to less than £30,000. Meanwhile the sinking fund would have risen to £697,905 in the first nine years, and the reserve fund to £247,000. The provision for liquidation of capital has thus been growing rapidly. The commercial advantage of the reduced rates represents a further value which could hardly be estimated in less than eight figures. In addition must be reckoned the advantage of increased mobility to the navy in the Pacific, and of closer Imperial intercourse through the improved press services. One of the first results of the reduced press rate was the inauguration of a new press agency, with offices at New York and Vancouver as well as London, breaking the monopoly which had for years restricted the quantity and variety of the European intelligence published in the old-established journals in Australasia, and at last rendering it possible for new ones to be founded.

True to the Imperial cause, Sir Sandford Fleming did not allow his connection with the Canadian-Pacific Railway to blind him to the importance of obtaining an independent service across Canada and the Atlantic for the Pacific cable. No sooner was the cable laid than he began to agitate for the nationalisation of a land line in Canada; an aim which he enlarged characteristically into the suggestion that the time had come for the Dominion to follow the example of all the other great States in the Empire and work the inland telegraphs as a Government department.¹ He was able to make out a strong case; for in Canada the telegraph companies were—and still are—charging rates which are enormous compared to those now prevailing in the equally wide and sparsely populated territories

¹ A. A., pp. 360, 370 (1902). Ottawa Address to Earl Grey (1907), p. viii.

New Australian
press
agency.

Fleming
advocates
telegraph
nationali-
sation in
Canada.

of Australia and South Africa. The companies had not even recognised the national unity of the Dominion by making inland rates uniform. Their high charges were keeping British Columbia dis-severed from the Maritime Provinces. In this movement Sir Sandford Fleming had the whole-hearted support of Sir William Mulock, then Postmaster-General, who had already put the Pacific cable through, and whose earlier achievement of penny postage with the United Kingdom had proved a remarkable success even from the financial standpoint. But the opposition was too formidable. The powerful antagonism of the vested interests was reinforced by that of the Prime Minister, Sir Wilfrid Laurier, whose oft-avowed allegiance to the old school of English Liberalism forbade him to encourage the assumption by the State of any business which could possibly be left to private enterprise. Mainly owing, it is alleged,¹ to this difference of opinion Sir William Mulock retired, in 1905, to a seat on the federal Bench. Yet the force of the Imperial idea proved equally irresistible to his successor, Mr. Rodolphe Lemieux (a French-Canadian), the present Postmaster-General of Canada, who did not lack the assiduous prompting which his predecessor had enjoyed. As to postal rates, Mr. Lemieux immediately took up the scheme of a cheap magazine post with the United Kingdom, with the result that nowadays settlers in Canada are well supplied with British periodicals — where formerly American literature reigned supreme—at a cost of only 1d. per lb. for postage. With equal promptness² he declared that the time had come for a cheap telegram from one end of the Empire to the other.

Mulock
resigns.

Succeeded
by
Lemieux.

¹ *Times* Toronto Correspondent, Sept. 1, 1909.

² *Times*, Dec. 22, 1906.

1907 happened to be the fiftieth year of the existence of the Ottawa Board of Trade, to which Sir Sandford Fleming belonged. The Board had before lent him their support. They now agreed to celebrate the occasion by memorialising the Governor-General in behalf of the scheme of an "Imperial cable service to girdle the globe." The report of the Board was subsequently circulated among the leading commercial bodies throughout the Empire, many of which endorsed the proposal. Its main features, which are quoted at length in the Appendix, were the delineation of the girdle and the novel scheme of telegraphic rates. The girdle was to consist of four sections: (1) across the Atlantic and Canada to the Pacific coast; (2) across the Pacific to Australia (an existing first link); (3) from Australia, across the Indian Ocean, with a branch from Cocos Island to India, to the Cape; and (4) from the Cape across the Atlantic, *via* Ascension, the West Indies, and Bermuda, to Canada, connecting there with the first section. The scheme of rates proposed was that the charge over each section should be a penny per letter, making twopence a letter for any two consecutive sections, which in practice would obviously be the maximum distance since messages could travel either east or west. The average word being calculated to consist of from five to six letters, uniform Imperial cable rates of sixpence and a shilling (or less) per word would thus be established.

Proposed
All-Red
girdle of
telegraphs.

New
scheme of
rates.

"Penny a
word"
telegrams
proposed
by Heaton.

In November 1908 Mr. Lemieux visited London to confer about cables with the British authorities. There the subject was having a temporary "boom." Mr. Henniker Heaton read a paper¹ at the Royal Colonial Institute on "Penny-a-word Telegrams throughout the Empire." In fact, however, his pro-

¹ Nov. 10, 1908.

posal was cosmopolitan rather than Imperial, being based on an extended use of land lines across foreign countries, which deprived it of strategic attraction besides involving serious practical difficulties. As to the cable connections, his suggestions were riddled by the technical criticism of experts, who this time were able to convince intelligent laymen. But Mr. Henniker Heaton at least helped to advertise the Imperial scheme, which Mr. Charles Bright¹ and others were able to place in a more sober but sufficiently encouraging light. From Australia Mr. Deakin, who had just been defeated by the Labour Party, telegraphed his sympathy with the project.² The parliamentary group of Members interested in cable reform, headed by Sir Edward Sassoon, arranged a meeting at the Mansion House,³ where the Imperial scheme was warmly supported by Lord Milner—who had lately visited Canada—and other leading men. At this meeting Sir Edward Sassoon, criticising the Trust's complaint about "unfair" competition, pointed out again that the Trust had already received several millions in Government subventions. Mr. Lemieux declared that public opinion in Canada was "overwhelmingly in favour" of any movement which would bring about a reduction of the "prohibitive" cable rates. Defending the Pacific cable as a financially sound undertaking, he argued ("speaking for myself") in favour of a State-owned Atlantic line. It would, he believed, at once reduce the ocean rates by 50 per cent., and bring a rate of 5d. a word between any telegraph station in England and another in Canada within the range of practical aim. Further, it would be "the harbinger of a pan-Britannic telegraph system encircling the globe." He would not hear

Mansion
House
meeting.

Lemieux
advocates
State-
owned
Atlantic
cable.

¹ Cf. *Fortnightly Review*, also *Westminster Review*, March 1909.

² *Times*, Dec. 12, 1908.

³ *Ibid.*

the word "impossible." Captain Muirhead Collins, who was then organising a High Commissioner's office for the Australian Commonwealth, had been instructed to support the cheapening of cable rates "so far as it might be practicable on a commercial basis." His Government were "in favour of co-operation with the other partners in the Pacific cable to acquire on the same terms a State-owned Atlantic cable as well as to take any action that might be necessary to bring the connecting land lines in Canada under State control." A resolution was finally moved urging the Home Government to call an Imperial conference "for the purpose of concerting measures tending to the wider recognition of the policy of State-owned and State-controlled cables." Opposed by a representative of the Trust, the resolution was carried with several dissentients. Among those who spoke in support of it was Mr. W. S. Fielding, the Canadian Minister of Finance. In the result the Government—at that time distracted with the ill-fated Licensing Bill—arranged¹ to hold a further conference with the Dominion authorities in the coming spring (1909).

Once more the Australian press rallied to the defence of the Trust. The Melbourne *Argus* scouted the notion of the Commonwealth subsidising any further Imperial cables; remarking that owing to the prohibitive cost even penny postage in Australia was not feasible, while Imperial penny postage was "many years distant."² Towards the end of June 1909 the reduction of the Australian press rate from 1s. to 9d. (9½d. to New Zealand), as already mentioned, was

¹ Hansard, Dec. 14, 1908.

² Jan. 12, 1909. Australia alone has not (March 1911) established the internal penny rate, or to Britain. From Britain outwards the penny rate is to all parts of the Empire. An Act fixing the internal rate at 1d., which would remove the difficulty in the way of the Imperial penny rate, was passed by the Commonwealth Parliament in Nov. 1910; but does not come into force until proclaimed.

Australia
supports.

Subsidiary
Conference
proposed.

Trust's
Australian
allies.

announced. But this concession only served to emphasise the difficulty of having no State-owned links across Canada and the Pacific. The old through rate of 1s. was made up of charges by the Commonwealth of 2d., by the Pacific Cable Board of 4d., and by the Canadian and Atlantic lines of 6d. The reduction of 3d. was to be borne entirely by the Governments, the Commonwealth and the Pacific Cable Board each halving their respective charges, while the companies retained theirs intact. On June 30th a deputation from the Press Conference, which had obtained the above reduction, waited on the Prime Minister in London. They pointed out to him that one effect of the concession was to make an anomaly of the rates to South Africa and India, which remained at 1s., while Canada too was excluded from any benefit. They urged the principle of a State-owned connection across the Atlantic and Canada. Mr. Asquith's reply was wholly sympathetic. He told them that the hitch in the negotiations with Canada was because Mr. Lemieux, not the British Government, had asked for more time. He noted with satisfaction the declaration of the Press Conference that State-owned lines should be self-supporting. Finally he welcomed their decision to appoint a standing committee, through which the Governments of the Empire would always be able to consult the Press about these matters. Within a few weeks arrangements were reached with the Trust for reducing the Indian and South African press rates also to 9d. Meanwhile in Canada it was reported that the Dominion Government had declined a proposal to hold an Imperial cable conference in the autumn, wishing first to reach some settlement with the inland telegraph companies. By all accounts these corporations were exerting themselves vigorously to defeat the Imperial project.

Imperial
Press
Conference
—further
reductions.

Obstructive
vested
interests
in Canada.

Through their political influence and "Sir Wilfrid Laurier's genuine distrust of all forms of public ownership," Mr. Lemieux seems to have found himself baffled at the eleventh hour as his predecessor had been. It was further suggested that perhaps in the Canadian Premier's view, "with naval defence on the anvil, Imperial cables can for the time being be laid aside."¹ But in September (1909) Mr. Lemieux announced that he hoped presently to resume the negotiations in London.

Unluckily the situation in London was again unfavourable, British Ministers being now in the throes of the Budget crisis. Accordingly the Canadian Government adopted a new line of approach to the goal. In 1903 a permanent Commission had been formed for the purpose of supervising the dealings of railway companies with the public. So successful was the experiment that in 1908 the inland telegraph and telephone companies were likewise made amenable to the Commission. A Bill was now introduced at Ottawa to bring the cable companies also within the Commission's purview. The Bill was accepted by the House of Commons without a division. Explaining its provisions to the Senate Committee,² Mr. Lemieux announced that the proposal was to divide messages into (1) "urgent," for which the old charge of 1s. a word would be maintained; (2) "deferred," at sixpence; and (3) "press," at 3d. The idea of having a cheap "deferred" rate for social or other messages which could afford to wait a few hours, so as to be held over for transmission in the slack hours of the night, had been suggested some years before by Mr. Charles Bright,³ but had not yet been acted upon; the companies alleging technical difficulties. Now that it was officially

¹ *Times* Toronto Correspondent, Sept. 1, 1909.

² *Times*, April 27, 1910.

³ London Chamber of Commerce, 1902, Pamphlet No. 40.

New
tactics of
Canadian
Government—
The Com-
mission.

"Urgent,"
'de-
ferred,"
and
press"
messages.

proposed, they had taken alarm and had sent their representatives to Ottawa. Pointing out that though many of their cables landed in Canada, only about 7 per cent. of their North American business originated there, about 93 per cent. originating in the United States, they protested against being brought under a purely Canadian jurisdiction. Those having cables which landed in Nova Scotia had threatened to remove them to Newfoundland, where the other cables already landed; a form of pressure which again illustrates the Imperial disadvantage of adjacent Colonies not being federated. In the end the Canadian Government agreed that the new Act should not come into force until concurrent legislation had been passed at Westminster empowering the British Board of Trade to act with the Canadian Commissioners in regard to this matter. Mr. Lemieux was able to state¹ that he had received assurances from the British Postmaster-General, Mr. Sydney Buxton, to the effect that the Home Government would co-operate as proposed. But the continuing political crisis in Britain appears to have postponed the requisite Bill.

Concurrent
legislation
proposed.

For the third autumn in succession Mr. Lemieux visited London, this time on his way to attend the Union celebrations in South Africa. In a press interview he briefly stated the case for the new policy :

Lemieux
explains
the new
policy.

“I hope that soon we shall be able to see our way to reduce the rates for press messages and deferred telegrams to Canada. Both of these changes will be valuable from the Imperial point of view. The ordinary rate is not so important. If a man wishes to cable in a great hurry to sell stocks and shares he does not worry about the cost of his wire, but in regard to press messages and deferred messages of a social or ordinary commercial nature, where an hour or two does not

¹ *Morning Post* (2nd ed.), April 27, 1910. Ottawa Correspondent.

matter, a reduction will be, I think, of the greatest value. It is anticipated that it would mean a great increase in business, similar to that following the recent reduction of Australian rates by the Pacific Cable Board.¹ Our recent reduction in the magazine rate to Canada has also been attended with marked success, our business in this respect having increased 200 or 300 per cent." (*Morning Post*, Aug. 31, 1910.)

The Toronto Correspondent of the *Times* put the matter in a striking light. Discussing the competition for the Canadian market between British and American manufacturers, the latter having the advantage of propinquity, he pointed out the countervailing advantages which British competitors enjoy in respect of parcel-post charges and import duties. He gave the following figures :

Weight.	Postal Rate on Parcels to Canada.	
	From U.K.	From U.S.A.*
Lbs.	s. d.	s. d.
3	1 0	2 0
7	2 0	4 8
11	3 0	7 4

* A progressively increasing rate.

In regard to the import duty, where the American goods were charged 30 per cent. the British goods would pay only 20 per cent. under the Preferential tariff. He concluded :

"The principal and, indeed, the only serious disadvantage which England suffers as compared with the United States in trading to Canada is the length of time between the ordering of the goods and their

¹ The Board's revenue from press messages had risen from practically nothing to £250 a month. Account 1909-10.

delivery in Canada. Where goods are ordered by letter they are a long time coming from Great Britain, whereas they will reach Canada from the United States in from six to ten days. If the cable could be employed for ordering goods, and simple codes could be arranged so that a message could be sent for, say, 3s., the goods could easily reach Canada two weeks after the order was sent, and the cost of the cablegram could be made up from the low parcel rates and the preferential Customs advantages." (*Times*, Aug. 24, 1910.)

A few weeks later Mr. Baxendale, the manager of the Pacific Cable Board, intimated¹ that it was hoped to institute a thorough "deferred" rate of 1s. 6d. a word, the ordinary rate being 3s., between England and Australasia for non-coded messages. Unfortunately there was "an unexpected difficulty of a technical character" in the fact that cable charges were regulated by the International Telegraph Convention. Germany, for example, would have to be consulted because she was interested in the Indo-European Telegraph Company which was nominally a possible competitor for the Australian traffic. The possibility of bringing the proposed reform into operation at an early date would depend on the assent of the signatory countries.

Inter-national distinctions.

One result of Mr. Lemieux's visit in 1910 was the revival of the project of laying a State-owned cable across the Atlantic. It had received a strong impetus from Australia, the Commonwealth Government having intimated their intention, as partners in the Pacific cable, of raising the question at the approaching session of the Imperial Conference. According to report² the new scheme was to lay a cable from the Orkneys to Hamilton Inlet in Labrador, *viâ* Iceland and Greenland, a route which had been surveyed many

Project of State-owned Atlantic cable revived.

¹ *Morning Post*, Oct. 20, 1910.

² *Times*, Nov. 30, 1910.

years before and found practicable. Its special recommendation was that the longest section of cable, between Iceland and Greenland, would be only 670 miles (as compared with nearly 2000 miles on the direct lines), so that a relatively cheap kind of cable would have as good a carrying capacity as the more expensive kinds required for longer sections.¹ It was estimated that with a capital outlay of £850,000, and with an ordinary rate of 4½d. a word, and 2½d. for deferred, Government, and press messages, the new line should make a clear profit of £45,000 a year; assuming that it would take about one-sixth of the 30,000,000 words transmitted to and from the North American continent across the Atlantic. The companies, it was suggested, might well be content to have the other five-sixths, though the effect upon their scale of charges was not discussed.

It may be surmised that this project was closely connected, as either cause or effect, with another development which was presently announced.² For years past the several Atlantic cable companies had been tending towards closer co-operation. As the sequel to a prolonged rate war in the eighties they had agreed for nearly a quarter of a century to maintain the ordinary rate at 1s. a word. Shortly before Christmas, 1910, it was reported that an amalgamation had been effected, whereby the last of the British Atlantic cables would be transferred to American control and the separate interests would be reduced to two corporations. A feature of the position was that each of the corporations would have its own

¹ An idea which does not yet seem to have been discussed is that the cable might proceed through Hudson Strait to the terminus of the proposed Hudson Bay Railway, whence it would follow the railway track to the Pacific coast. This route would not apparently involve any lengthy marine sections; while the land line would have the security of civilisation instead of having to traverse the remote wilderness of Labrador.

² *Times*, Dec. 21, 1910.

system of inland telegraphs likewise monopolised, since ocean cables depend on land lines to feed them. There would now be left the Anglo-American Telegraph Company, with the Western Union system of land lines in America, including the Bell Telephone Company, altogether representing £100,000,000 of capital and 10,000,000 miles of land wires; and on the other side the Commercial Cable Company, with the Postal Telegraph Company as its feeder. Of the sixteen cables under the Atlantic from Europe to North America these two combinations would between them control twelve. Two of the others were German, and were worked in close touch with the Commercial Cable Company; the other two were French subsidised lines, which had been doing but very little business owing to lack of affiliations with American land lines.

The reduction in press rates to Australasia was not long in eliciting the expected response. Hardly had the rival news service to Australasia been inaugurated when the Trust announced¹ that a scheme for enlarging the service over its system not only to Australasia, but to South Africa and India, would be launched forthwith. Instead of the separate services to those countries, as hitherto, a larger allowance of European intelligence would be sent through Reuter's agency to Aden; whence it would be distributed without increased expense to the newspapers concerned.

The story of the struggle for the popularisation of telegraphic communication within the Empire has now been told up to date, and in sufficient detail, it is hoped, for all those who are interested in the problem of Imperial union to form their own opinions as to the objects in view, the methods of attaining them, and the difficulties in the way. In regard to

¹ *South Africa*, April 9, 1910.

the objects, there now appears to be a consensus of opinion, which had not been reached in 1887 or until some years later. The advantage to Imperial defence of all-British cables and plenty of them is no longer disputed. That was admitted, indeed, at an early stage of the struggle, when the Imperial authorities took the position, subsequently maintained by them, that there was little strategical value in cables which landed or touched on foreign territory.¹ More recently the same official attitude has been exemplified in the recommendation of the British Government to the Australian Commonwealth that legislation should be passed empowering the national authorities to assume control of the terminals of foreign cables, *e.g.* that between New Guinea and Queensland, in time of war.² If it is advisable that the terminals of cables should be under British control, *a fortiori* is it advisable that the undertaking should be British from end to end.

Then there is the question of cheapening cable rates in the interests of (*a*) trade within the Empire, (*b*) press news of the Empire, and (*c*) migration within the Empire. The first is a self-evident Imperial interest, especially on the assumption that trade within the Empire is the essential basis of organic Imperial union. The third is equally self-evident, when the conditions of emigration and colonisation are considered. As to the second, both the instinctive impulse of Imperialists and their reasoned judgment will probably endorse the desirability of providing each part of the Empire with the fullest facilities for becoming acquainted with the life and thought of every other part. There is, no doubt, another side to the question. If cheaper news services mean mainly the dissemination of fuller

Strategical
advan-
tages of
All-British
cables.

Fuller
inter-
course.

"Knowing
each other
better"—
two sides
to ques-
tion.

¹ *Cf.* p. 147.

² Reuter, July 8 1909.

particulars regarding sensational murders and the like, the benefit is open to dispute. Again, if the increasing knowledge of political affairs beyond the sea means that widely separated peoples will tend to intervene in each other's domestic politics, there are some who would deplore what they regard as an avoidable source of Imperial friction. On the other hand, it is arguable that existing chances of friction, arising directly from the costliness of the cable services, would be lessened by cheaper news rates. At the Mansion House meeting¹ in 1908 Lord Milner complained of the misrepresentation to which the speeches of public men were liable through excessive condensation. In the strenuous days preceding the Boer war Mr. Chamberlain thought it necessary on occasion to have his statements cabled at the public expense for dissemination in South Africa; and Mr. Churchill followed the precedent at the time when he mistook the spontaneous indignation of the South African press over his worrying of Natal for evidence of a party intrigue to discredit the Liberal administration of which he was a member.² But, on the general principle, to deprecate facilities for fuller intercourse between the component States of the Empire is surely impossible for advocates of closer union. Assuming, therefore, that the utmost cheapening of cable rates is important to the purpose in hand, does the experience of the past twenty years vindicate the principle advocated by Sir Sandford Fleming of a State-owned electric girdle to form the trunk line of the Empire? Has that experience proved that the object may be attained without any threat of competition, by agreement with the cable companies? Or has it rather proved that the continuous tendency of the cable companies is towards

¹ Page 273.

² Hansard, May 7, 1906. Cf. Feb. 18, 1907 (questions).

monopoly, and that the tendency of monopoly in private hands is to bleed the communities it is supposed to be serving, and also to debase their Governments? What is a "fair" rate of receipts for a cable company to earn upon its capital, having regard to the peculiar nature of the enterprise? Is it 6 per cent.,¹ as Mr. Bright suggests; or 12 per cent., as the Trust appears to argue?² Is it practicable for the State to fix the fair percentage, and on that basis to guarantee a minimum of "net receipts," whatever that may be taken to mean? But in order to consider all these questions perhaps it would be necessary to exceed the bounds of the present history, and to bring also the chequered story of the West Indian cable companies³ under review, so as to have examples of poverty piteously pleading to the State, as well as of wealth successfully exploiting it.⁴

As to the eternal problem of the proper relations between State and private enterprise, perhaps it is

State
ownership
and pro-
gress.

¹ Bright, London Chamber of Commerce, Pamphlet No. 40, p. 13. "A sliding scale, dependent upon, say, a standard revenue, might be found possible—on the gross receipts, not on the net profits, which cannot readily be checked." (Note—"6 per cent. suggests itself as a fair return for this class of undertaking.")

² Mr. George Peel's article in *The Empire and the Century* (1905) is an admirable account of the position (and illustrated with ingenious maps) from the Trust's point of view, the other side of the question being suppressed throughout. He estimates (p. 284) that a duplicated cable costing £2,500,000 complete ought to earn £300,000 (=12 per cent.) to be profitable. The Pacific cable apparently has to earn about 8½ per cent. on capital in order to be self-supporting, including the double replacement of capital.

³ Cf. Royal Commission's report on Canada-West Indies trade relations (1910), Cd. 5369, pp. 42-48. The Commissioners concluded their review by recommending the expropriation of the company cables in the West Indies with a view to their eventual transfer to the West Indian Government.

⁴ As will be seen from the table in the Appendix, the Trust has expanded its estate out of the profits earned, as well as maintained its dividends, by using its reserve funds to build cables over new routes. Ordinarily, the construction of cables over new routes would require additions to capital account. The fact that its profits have sufficed to avert the necessity of raising new capital for this purpose seems to show that the Trust has maintained an excessively high scale of cable rates.

all a question of expediency. There is no general rule, except that the State should only step in where the particular circumstances of the case have demonstrated that the work cannot otherwise be performed satisfactorily to the public. On that hypothesis, one consideration in the present instance would be that the science and art of submarine telegraphy are no longer in their infancy. Granted that private enterprise means greater adaptability to the march of invention, has not the time come when the State may be trusted to keep abreast of the times in submarine telegraphy no less than in its inland services, which are generally admitted to be successful as compared with the surviving (American) examples of private enterprise in the same department? Wireless telegraphy is, no doubt, still in its infancy; and may yet require the free play of private enterprise to attain its fullest development. But that system is not, apparently, expected to supersede the long-distance ocean cables for many a year to come. These remain the existing "nerves of Empire"; and in regard to them Sir Sandford Fleming has won the first great campaign in the interests of posterity.

PART III
LONDON, 1897

LONDON, 1897

IMPERIAL CONFERENCE

THIRD SESSION

MINISTERS PRESENT

Britain :—

Mr. J. Chamberlain, Secretary for the Colonies.

Canada :—

Sir Wilfrid Laurier, Premier.

New South Wales :—

Mr. G. H. Reid, Premier.

Victoria :—

Sir George Turner, Premier.

Queensland :—

Sir Hugh M. Nelson, Premier.

South Australia :—

Mr. C. C. Kingston, Premier.

Tasmania :—

Sir Edward N. C. Braddon, Premier.

Western Australia :—

Sir John Forrest, Premier.

New Zealand :—

Mr. R. J. Seddon, Premier.

Cape Colony :—

Sir J. Gordon Sprigg, Premier.

Natal :—

Mr. Harry Escombe, Premier.

Newfoundland :—

Sir William V. Whiteway, Premier.

CHAPTER VIII

THE IMPERIAL AWAKENING

THERE could be no better introduction to a study of the eventful period, 1896-1903 (embracing two sessions of the Conference) than the neatly executed little volume of Mr. Chamberlain's *Foreign and Colonial Speeches*. This authorised edition was published on the very eve of the Jubilee gathering and Colonial Conference in 1897. In the preface it is stated that some surprise was felt in political circles when, in 1895, invited by Lord Salisbury to join the new Government, Mr. Chamberlain expressed a preference for an office which hitherto had been regarded as one of secondary importance. But Mr. Chamberlain had never belonged to the Manchester School. He had always been an Imperialist in his conceptions. As President of the Board of Trade, from 1880 to 1885, he was precluded from taking any very active part in foreign and Colonial affairs; but, even at this time, Mr. Bright is reported to have said that "the junior member for Birmingham was the only 'Jingo' in Mr. Gladstone's Cabinet."¹

The preface to the *Speeches* concludes with an allusion to Mr. Chamberlain's belief in the destiny of the Anglo-Saxon race and the future of the British Empire. The conjunction of those two ideas indicates a certain characteristic of his Imperialism at that time which may, perhaps, partly explain the narrow

¹ Cf. Fizmaurice's *Life of Lord Granville*, vol. ii. p. 265:—"My dear Spencer, We have had several Cabinet meetings, more or less formal, about Egypt. Bright, of course the most peaceable, Chamberlain almost the greatest Jingo. . . ." (June 22, 1882.)

His Imperialism at first racial in expression,

antipathy displayed towards the man and his policy by a considerable section of French-Canadians; not to mention the Boers, whose feelings are more easily understood. Though in his speeches on the South African situation during the period leading up to the war he frequently and sympathetically recognised the racial susceptibilities of the Boers, it does seem that his Imperialism in those days was apt to flaunt an intrinsic superiority of the Anglo-Saxons. Such a faith, openly proclaimed, is naturally a red rag to those outside the fold but within the Empire; and it can never, therefore, be made the basis of constructive Imperialism. If Mr. Chamberlain and his policy have ever suffered in any degree through this kind of "racialism," the moral for Imperialists is that the patriotic instinct on which to build is territorial nationalism, recognising no differentiation of European races one from another. An incident rather than a logical consequence of this Anglo-Saxon bias—which was illogical in so far as the ethnological facts were already ceasing to justify it—was that Mr. Chamberlain's Imperialist outlook embraced the Americans among the chosen people, and impelled him to make room for them in any conception of closer union. In the autumn of 1887 he went as chief British Commissioner to conduct the fishery negotiations between Canada and the United States, which resulted in the Chamberlain-Bayard Convention, an agreement destined to be rejected by the American Senate but to form the basis of a *modus vivendi* lasting up to the arbitration of 1910. During the negotiations he spoke at the annual dinner of the Toronto Board of Trade:¹

¹ According to Colonel G. T. Denison, who was present and responded to one of the toasts, the burning question of commercial union with the United States was to be barred at that gathering, but he himself took the opportunity to fire his first shot in the defensive campaign, and with immediate effect.—*The Struggle for Imperial Unity*, p. 88.

“ . . . Let me refer to the spirit in which a mission of this kind ought to be undertaken. As I passed through England, on my way to the United States, and again when I crossed the boundaries of the Dominion, there was one idea impressing itself on my mind at every step, an idea which is indelibly written on the face of this vast country. That idea is the greatness and the importance of the destiny which is reserved for the Anglo-Saxon race—for that proud, persistent, self-asserting and resolute stock, that no change of climate or condition can alter, and which is infallibly destined to be the predominating force in the future history and civilisation of the world. It is said that patriotism begins at home. I am an Englishman. I am proud of the old country from which I am come. I am not unmindful of its glorious traditions, or of the value of institutions, moulded, as they have been, by centuries of noble endeavour.

“But I should think our patriotism was dwarfed and stunted indeed if it did not embrace the Greater Britain beyond the seas, if it did not include the young and vigorous nations carrying throughout the globe the knowledge of the English tongue and the English love of liberty and law; and, gentlemen, with those feelings I refuse to think or to speak of the United States of America as a foreign nation. We are all of the same race and blood. I refuse to make any distinction between the interests of Englishmen in England, in Canada, and in the United States. We can say with regard to all these peoples, the older and younger nations: Our past is theirs—their future is ours. You cannot, if you would, break the invisible bonds that bind us together. Your forefathers worshipped at our shrines. They sleep in our churchyards. They helped to make our institutions, our literature, and our laws. These things are your heritage as much as they are ours. If you stood up to deny us, your speech, your countenances, your manner of life, would all combine to avow us. Gentlemen, I urge upon you our common origin, our relationship, because while these things

including
Americans.

confer privileges, they also entail obligations. We are branches of one family. It behoves us to do all that is in our power to promote the good feeling and affection that ought to characterise intercourse between kinsfolk. Differences there must arise—petty conflicts of interests and of right. If we approach them in a proper spirit of forbearance and kindness, I do not believe that any controversy will or can arise between any members of the English-speaking race that will not be capable of favourable and satisfactory adjustment." (Dec. 30, 1887. *Speeches*, pp. 6-8.)

Though any suggestion of peace-at-any-price with the United States has always been unpalatable in Toronto, Mr. Chamberlain's vigorous commendation of the race would have amply neutralised any distrust on that score, even without the sympathy which he manifested towards the aims of Sir John Macdonald's "National Policy." After prophesying, rather too soon, "circumstances will at no distant date force the Government of that country (the United States) to modify their tariff more or less liberally," he went on to endorse the policy of Canadian development; though he hinted that perhaps agricultural progress would be quicker if the tariff were not quite so high. But as to the question of commercial relations with the United States, which already was beginning to dominate Canadian politics :

Reci-
procity
and an-
nexation.

" . . . You will see, from what I have ventured to say, that I am in favour of the widest possible commercial union and intercourse, not only with the United States, but with all the world. That is the true 'unrestricted reciprocity.' There is, however, a restricted reciprocity which would make you dependent for your financial freedom upon the Government of another State, and perhaps pave the way for the surrender of something which is still more important. I mean your political independence." (*Ibid.*, p. 10.)

He had found no reason to suppose that the Americans were really intent on annexation; but in any case the Canadians should know what their own position was :

“ . . . Of one thing you may rest assured ; that if you desire to remain an integral part of the vast Empire of Great Britain, your interests will be maintained and your rights will be respected, having behind them all the influence which that Empire can wield.”
(*Ibid.*, p. 12.)

He was disappointed to discover that the Americans were not inclined to respond freely to the English sentiment for them.¹

Soon after his return from the United States he had an opportunity at the Devonshire Club of giving expression to the ideas which his recent experiences had stimulated :

The idea
of federa-
tion.

“ . . . We have to watch for opportunities to strengthen the ties between our Colonies and ourselves. There is a word which I am almost afraid to mention. I have been assured upon the highest authority that confederation is an empty dream, the fantastic vision of fools and fanatics.

‘ It cannot be. The vision is too fair
For creatures doomed to breathe terrestrial air.
Yet not for that shall sober reason frown
Upon that promise, nor that hope disown.
We know that only to high aims are due
Rich guerdons, and to them alone ensue.’

I am well aware that up to the present time no practical scheme of federation has been submitted or suggested, but I do not think that such a scheme is impossible.” (April 9, 1888. *Ibid.*, pp. 26-27.)

There was the question of commercial union, and there was the question of union for defence. Recognising the difficulties in the way of either :

¹ Speech to the Sons of St. George at Philadelphia, Feb. 29, 1888.

“All we can do is to wait until proposals are made to us; to consider these proposals, when they come, with fairness and impartiality; and to accept them if they do not involve the sacrifice of any important principle or of any interest vital to our population.

“Meanwhile, we ought not to do anything to discourage the affection, or to repel the patriotic and loyal advances of our fellow-subjects and fellow-kinsmen, who are proud of the glorious traditions of our country, who share with us our history, our origin, and our common citizenship in the greatest and freest Empire that the world has ever known.” (*Ibid.*, p. 28.)

Advocates
the forward
policy.

A little later in the same year he was defending, before the London Chamber of Commerce, the forward policy in regard to what was afterwards Rhodesia. In his own view the practical question was simply whether Britain or some other Power should annex those “practically unoccupied” territories. Apart from the prospective outlet for future trade and colonisation, the interests of the native tribes would assuredly be safer under the British flag than under any other. Which was to be the “dominant” power in South Africa? Should it be Britain? Or the Transvaal as (ultimately) a German protectorate? He described both parties as hitherto equally guilty of shirking and consequent vacillation in South African affairs; a policy which was not only ignominious but had consistently failed to achieve its only object:

Denounces
the shirk-
ing policy.

“... We have tried to avoid complications and native wars, and in the short period which has elapsed since full self-government was conferred upon the Cape Colony, we have been engaged in no fewer than six serious struggles, which have involved not only a deplorable loss of human life, but a loss to the British taxpayer of something between £7,000,000 and £8,000,000 sterling. What has happened in every

case has been this : When difficulties—difficulties that might, perhaps, have been foreseen, and might, perhaps, have been prevented—have come upon us, we have endeavoured to put them off from us as long and as far as we could, and then, when at last they culminated in open disturbance, we have reluctantly undertaken the duty of settling matters, and we have settled them with more or less discredit, and then we have hastened to shake ourselves free from the whole question, and to retire into fancied security until we have once more been roughly awakened." (May 14, 1888. *Ibid.*, p. 198.)

He urged his countrymen to make up their minds once for all. Either let them evacuate South Africa, or let them face the obligations and responsibilities entailed by remaining there. One difference, he noted, between British ideals and Dutch South African ideals affected the principles of native administration ; and he drew a conclusion which would not tend to bring him the affection of the Boers :

We must
abdicate or
face our
responsi-
bilities.

" . . . I will not venture myself to offer any final judgment upon this question. It is a matter which must be left to the responsible advisers of the Queen, who have much better opportunities of knowledge than any that I can possess ; but one thing I do say, that, if we are once for all to recognise our obligations in regard to this continent, we must do so in pursuance of an Imperial policy, and not of a Colonial policy, if in any respect their policy differs from ours. It is only upon those terms that the people of this country can be asked to take the risk, can be asked to make the possible sacrifices which will be called for from them, and it is only in that way that we can justify the additional liabilities that we assume." (*Ibid.*, pp. 201-2.)

He ended this speech, ten years before the South African war, with a quite definite enunciation of the

principles for which he was afterwards to risk so much :

The British working classes and the Empire.

“ . . . Is there any man in his senses who believes that the crowded population of these islands could exist for a single day if we were to cut adrift from us the great dependencies which now look to us for protection and assistance, and which are the natural markets for our trade? The area of the United Kingdom is only 120,000 miles; the area of the British Empire is over 9,000,000 square miles, of which nearly 500,000 are to be found in the portion of Africa with which we have been dealing. If tomorrow it were possible, as some people apparently desire, to reduce by a stroke of the pen the British Empire to the dimensions of the United Kingdom, half at least of our population would be starved, and at a time when a policy of disintegration is openly preached by high authorities it is well to look the consequences in the face. No doubt the burden of this great Empire is tremendous, and the responsibilities and the obligations which fall upon us are greater than those which have weighed upon any other nation in the history of the world. It is true, as was so well said by the poet whose loss we are deploring, that “the weary Titan staggers under the too vast orb of his fate.” But if we face our obligations, if we perform our duties well and faithfully, the honour and the credit will be proportioned to the sacrifices that we may make; while the abandonment of those duties would be as fatal to our material prosperity as it would be fatal to our national character and our national honour.” (*Ibid.*, pp. 202-3.)

The value of Chamberlain's services.

Looking back, and reading again these simple, forcible, and direct appeals to the British democracy, one is impressed with the supreme value of Mr. Chamberlain's services to his country and the Empire in the decade preceding the five years of crisis, 1897-1902. This was the period, culminating in the annexation of the

South African republics, when the British Empire was advancing under pressure of circumstances to its final, or almost final, limits of territorial expansion. Forward movements, involving armed expeditions and loss of life, became successively necessary in each quarter of the African continent—South Africa, East Africa, West Africa, Egypt, and South Africa again. In every instance the recognition of responsibilities imposed on Britain by conditions from which there was no honourable or even possible escape was resisted by a vehement opposition—in which Mr. John Morley, Sir Charles Dilke, and Mr. Labouchere took conspicuous parts—with fantastic arguments and dismal prophecies which already appear almost incredible. Those thriving territories would still be in chaos, or have passed under a foreign flag, had the Liberals of that date had their way. Whether in face of an Opposition at once so brilliant and so unscrupulous the Conservatives could by themselves have been willing and able to meet the responsibilities of the time, seems to be an open question. At least it is obvious that their hands were enormously strengthened by the co-operation of a man whom the democracy understood, loved, and trusted. Mr. Chamberlain's appeal was always on the same lines, emphasising the industrial interest of the wage-earners in the commercial expansion which the growth of the Empire had brought before and would bring again; but dwelling no less insistently on the attendant responsibilities, and the crowning glory of the *pax Britannica* in countries torn from time immemorial by internecine barbarism. In a debate on the Uganda policy he turned on Mr. Labouchere and Mr. Morley:

“. . . The honourable member for Northampton Uganda and the Empire. has made one of those speeches to which we are accustomed. It was a very amusing speech on a

very serious subject, but I do not think that questions of international policy ought to be determined by satire. The consequences of the decision at which this committee is about to arrive will extend to long years after you have made it. The decision at which you are about to arrive involves the faith of Great Britain, not only in Uganda, but in the whole of Africa, for news travels fast even in that vast continent.

“The honourable member has talked about the cost of an expedition to Uganda, but I do not understand this measuring duty and honour by the money it costs. The honourable member for Northampton, however, is only following the example of the right honourable gentleman the Chief Secretary for Ireland (Mr. Morley) in that respect. If we have to protect people who are in danger of their lives we ought not to count the cost. According to the argument of the honourable member, if it will cost £10 we may protect their lives, but if it will cost a million we had better keep the money in our pockets. . . .” (March 20, 1893. *Ibid.*, p. 122.)

A little later he was presiding at the third annual meeting of the West Birmingham Relief Association, and argued against the idea of municipal workshops and shortened hours of labour being the true remedy for unemployment, which in his view was primarily a question of finding sufficient commercial markets :—

What we
have we
hold.

“ . . . You are aware that some of my opponents please themselves occasionally by finding names for me, and among other names lately they have been calling me Jingo. I am no more a Jingo than you are. But for the reasons and arguments I have put before you to-night I am convinced that it is a necessity as well as a duty for us to uphold the dominion and empire which we now possess. For these reasons, among others, I would never lose the hold which we now have over our great Indian

dependency, by far the greatest and most valuable of all the customers we have or ever shall have in this country. For the same reasons I approve of the continued occupation of Egypt; and for the same reasons I have urged upon the Government, and upon previous Governments, the necessity for using every legitimate opportunity to extend our influence and control in that great African continent which is now being opened up to civilisation and to commerce; and, lastly, it is for the same reasons that I hold that our navy should be strengthened until its supremacy is so assured that we cannot be shaken in any of the possessions which we hold or may hold hereafter.

“Believe me, if in any one of the places to which I have referred any change took place which deprived us of that control and influence of which I have been speaking, the first to suffer would be the working men of this country. Then, indeed, we should see a distress which would not be temporary, but which would be chronic, and we should find that England was entirely unable to support the enormous population which is now maintained by the aid of her foreign trade. If the working men of this country understand, as I believe they do—I am one of those who have had good reason through my life to rely upon their intelligence and shrewdness—if they understand their own interests, they will never lend any countenance to the doctrines of those politicians who never lose an opportunity of pouring contempt and abuse upon the brave Englishmen, who, even at this moment, in all parts of the world, are carving out new dominions for Britain, and are opening up fresh markets for British commerce, and laying out fresh fields for British labour. . . .” (Jan. 22, 1894. *Ibid.*, pp. 132-3.)

The Em-
pire and
British
labour.

Controversy had been raging over the proposed Uganda railway, which Mr. Chamberlain advocated strenuously as a means of opening up the country to commerce and stopping the slave traffic, even if

it might be twenty years before the line became self-supporting, as he was sure it would be eventually.

Such schemes of Imperial development always seem to have had a powerful attraction for him. Afterwards he was the political founder of the Imperial Department of Agriculture for the West Indian Colonies,¹ and of the British Cotton-growing Association; the latter a body which in effect has lately been subsidised by the anti-expansionists of twenty years ago to extend its fruitful operations in one of the very territories which they would fain have condemned to perpetual barbarism or else a foreign flag.

Commercial development of natural resources, especially in the Crown Colonies, and closer union with the self-governing Dominions were the twin ideas which inspired Mr. Chamberlain's Imperialism. It was the completion of a development enterprise, the Natal Railway, that gave him his first opportunity to speak as Secretary of State for the Colonies, at a dinner held by the Agent-General of that newly-enfranchised Colony to celebrate the event. He alluded at once to the proof he had already received of the cordial encouragement, from beyond the seas, which awaited "any man who makes it his first duty, as I do, to draw closer together the different portions of the British Empire." He was impressed with the feeling that a new and critical chapter was opening in the history of the relations between the self-governing Colonies and the mother country, a chapter of which the whole would be written "in the next few years, certainly in the lifetime of the

A critical period of Imperial growth.

¹ For an account of the work of this invaluable institution, and of its offspring in the Federal Malay States, East Africa, the Gold Coast, and Southern Nigeria, see a paper by Sir Daniel Morris at the Royal Colonial Institute, Dec. 10, 1910, reported in the *Journal*. Cf. Sir Charles Bruce's testimony in *The Broad Stone of Empire*, *passim*.

next generation." The unloosening of the constitutional ties with the Colonies had been carried almost to the possible end; but the process had been accompanied with a conspicuous decline in the desire for separation which its originators had expected with so much equanimity. The force of sentiment remained, stronger than ever before, and might yet, he thought, become the channel for a policy of closer union, even to the extent of ultimately fulfilling the "dream" of federation.

As to South Africa, the reckless optimist of that day is now, after all the stormy times between, a prophet vindicated by the event:

Chamberlain's optimism vindicated in South Africa.

"... We have witnessed in our own time a development of natural and mineral wealth in that country altogether beyond precedent or human knowledge; and what we have seen in the past, and what we see in the present, is bound to be far surpassed in the near future. The product of the mines, great as it is at present, is certain to be multiplied many fold, and before many years are over the mines of the Transvaal may be rivalled by the mines of Mashonaland or Matabeleland; and in the train of this great, exceptional, and wonderful prosperity, in the train of the diamond-digger and of the miner, will come a demand for labour which no man can measure—a demand for all the products of agriculture and of manufacture, in which not South Africa alone, but all the Colonies and the Mother Country itself must have a share.

"The climate and soil leave nothing to be desired, and there is only one thing wanted—that is, a complete union and identity of sentiment and interest between the different States existing in South Africa. Gentlemen, I have no doubt that that union will be forthcoming, although it may not be immediately established. I do not shut my eyes to differences amongst friends which have unfortunately already

arisen, and which have not yet been arranged. I think these differences, if you look below the surface, will be found to be due principally to the fact that we have not yet achieved in South Africa that local federation. But, gentlemen, in these differences, my position, of course, renders it absolutely necessary that I should take no side. I pronounce no opinion, and it would not become me to offer any advice; although, if the good offices of my department were at any time invoked by those who are now separated, all I can say is that they would be heartily placed at their service." (Nov. 6, 1895. *Ibid.*, pp. 79-80.)

Stormy
1895-6.

The evening of that year (1895) was darkened with lurid clouds. Measures taken to exact a recognition of British rights from Venezuela prompted Mr. Olney, the American Secretary of State, to indulge in the old game of twisting the lion's tail. President Cleveland issued a bellicose despatch. Almost simultaneously, on December 29th, occurred the Jameson Raid into the Transvaal; eliciting on January 3rd, 1896, the German Emperor's famous telegram to President Kruger. In reply to these menaces a flying squadron of powerful warships was at once commissioned, exhibiting the spirit which the Colonies have always loved to see the mother country display when thus challenged. On January 21st, the Colonial Secretary spoke at a dinner given to Lord Lamington, who was leaving to take up the governorship of Queensland:

"Three weeks ago, in the words of Mr. Foster, the leader of the House of Commons of the Dominion of Canada, 'the great mother-empire stood splendidly isolated.' And how does she stand to-day? She stands secure in the strength of her own resources, in the firm resolution of her people without respect to party, and in the abundant loyalty of her children from one end of the Empire to another.

"The resolution which was conveyed to the Prime

Minister on behalf of the Australian Colonies, and the display of patriotic enthusiasm on the part of the Dominion of Canada, came to us as a natural response to the outburst of national spirit in the United Kingdom, and as a proof that British hearts beat in unison throughout the world, whatever may be the distances that separate us.

The spirit
of the
Colonies.

“Then let us cultivate those sentiments. Let us do all in our power by improving communications, by developing our commercial relations, by co-operating in mutual defence, and none of us then will ever feel isolated; no part of the Empire will stand alone, so long as it can count upon the common interest of all in its welfare and in its security. That is the moral I have derived from recent events. . . .” (Jan. 21, 1896. *Ibid.*, pp. 94-5.)

In March 1896 Mr. Chamberlain, having recently visited Egypt, was prominent in the debates on the situation there. A re-advance up the Nile had been decided upon as a policy of offensive defence against the danger of a Mahdist invasion, which seemed to be imminent after the defeat of the Italians in Abyssinia. Proposing to treat the whole question from the standpoint of purely Egyptian interests, the Colonial Secretary identified the demand for no-advance-beyond-Wady-Halfa with the policy of “scuttle” from Egypt to which the objectors had committed themselves previously. Of all the speeches in those debates none appear now, in the light of what has been accomplished since, so extraordinary in their short-sightedness as those of Mr. Morley and Sir Charles Dilke, or so convincing in their simple appreciation of essential facts as those of the Colonial Secretary.

Chamberlain denounces
“scuttle”
in Egypt.

Now begins the series of speeches in which Mr. Chamberlain sought to get to grips with the practical question of closer union of the Empire. The events

of the winter had taught every level-headed man that in the last resort Britain could rely on the daughter nations of the Empire and on no others whomsoever. In March 1896 the Colonial Secretary spoke at the annual dinner of the Canada Club. He opened by remarking that Canada stood "first among the group of kindred nations which, together with the United Kingdom, form the British Empire"; and with an appreciative reference to the late Sir John Macdonald, "that most imperially-minded man, whose guiding idea throughout his long political life was to maintain intact the local independence of Canada in close alliance with the Mother Country." Criticising the "critics who were wont to declare that" in any serious crisis the Colonies, for all their professed sentiment, would leave Britain to her fate, he said:

The Colonies make common cause with Britain.

"The shadow of war did darken the horizon, and to none of Her Majesty's subjects was that shadow more ominous than it was to our fellow-citizens in Canada; but there was no hesitation, although, if that had happened which would have been abhorrent to all of us, the brunt in the first instance would have fallen on Canada. A unanimous voice went up from the people and Parliament of Canada to say that this matter, although it did not directly affect their interests, yet affected the honour of the British Empire, and they made common cause with us. They were prepared to stand shoulder to shoulder and to bear their share in all the evils that might come upon us. Their decision was emphasised in the debate to which you, Mr. President, have referred, which took place recently in the Dominion Parliament." . . .

". . . Again and again allusion was made to the opportunity, the occasion, which every well-wisher to the unity of the Empire was bound to seize, and a hope was expressed that something might be done to bring us nearer together. Sir, we share that hope—

and I ask you now, gentlemen, is this demonstration, this almost universal expression of loyalty from all our Colonies, to pass away without a serious effort upon the part both of Colonial and Imperial statesmen to transform these high sentiments into practical results? I have, at any rate, thought that it was my duty, the first time I had the opportunity of speaking, at least to call attention to the position of this great question, which has been before us now for a good number of years, which has appealed strongly to the sentiments of the people, but which has not up to the present time resulted in anything like a practical scheme. In the year 1884 a league was formed—the Imperial Federation League—under the most favourable auspices. The late Mr. Forster was its president, and it afterwards enjoyed the assistance of a long series of distinguished statesmen and prominent personages; but two years ago it was dissolved without having accomplished its object, unless, indeed, its chief object was the education of public opinion to the importance of the subject. Sir, I think that we may, at all events, learn from its experience that the complete realisation of our hopes, if they are in the direction of a federation of the Empire—their final realisation—is a matter of such vast magnitude and such great complication that it cannot be accomplished immediately.

“But it does not follow that on that account we should give up our aspirations. It is only a proof that we must approach the goal in a different way, that we must not try to do everything all at once, that we must seek the line of least resistance. . . .

“. . . We may endeavour to establish common interests and common obligations. When we have done that it will be natural that some sort of representative authority should grow up to deal with the interests and the obligations we have created. What is the greatest of our common obligations? It is Imperial defence. What is the greatest of our common interests? It is Imperial trade. And those two are very closely connected. It is very difficult to see

Federation.

Trade and defence inseparable.

how you can pretend to deal with the great question of Imperial defence without having first dealt with the question of Imperial trade. Imperial defence is largely a matter of ways and means,¹ and ways and means are dependent upon the fiscal and other commercial arrangements you may make; and, therefore, the conclusion to which I arrive is this—that if the people of this country and the people of the Colonies mean what they have been saying, and if they intend to approach the question of Imperial unity in a practical spirit, they must approach it on its commercial side.

The
genesis
of the
German
Empire.

“ We have a great example before us in the creation of the German Empire. How was that brought about? You all recollect that, in the first instance, it commenced with the union of two of the States which now form that great empire in a commercial Zollverein. They attracted the other States gradually—were joined by them for commercial purposes. A council, a Reichsrath, was formed to deal with those commercial questions. Gradually in their discussions national objects and political interests were introduced, and so, from starting as it did on a purely commercial basis and for commercial interests, it developed until it became a bond of unity and the foundation of the German Empire. . . .” (March 25, 1896. *Ibid.*, pp. 163–7.)

Another reason for approaching the subject from the commercial side was, he went on to point out, the advantage of having the Colonies take the initiative. They had done so at the Ottawa Conference, of which he quoted the principal resolution in favour of a “ Customs arrangement ” for the Empire. No definite plan had then been submitted; but quite recently a private member, Mr. M’Neill, had moved a resolution in the Canadian House of Commons urging that a moderate *ad valorem* duty, independent of any existing duties, should be imposed alike by Britain and the Colonies on all imports from foreign

¹ Cf. Hofmeyr in 1887.

countries. It may be noted that here the primary object was commercial preference, not an Imperial fund, as in Mr. Hofmeyr's former plan. Any such suggestion, the Colonial Secretary argued, was entitled to "respectful consideration," and should not be rejected without an alternative being proposed. Proceeding to examine it, he found very serious difficulties. For the United Kingdom it involved duties on food and raw material, of which the "tendency" at least would be to increase the cost of living and hamper manufacturers. The return would be very slight, only a preference of 2 or possibly 5 per cent. against foreign competition in the Colonial markets. The uniform duty would mean a more liberal percentage of preference in the mother country, where it would be levied on cost values, than in the Colonies, where it would be levied on cost values *plus* the existing duties. Another, and "much more important," point was that the foreign trade of the United Kingdom was "so gigantic in proportion to the foreign trade of the Colonies that the burden of an arrangement of this kind would fall with much greater weight on the United Kingdom" than on them :

“. . . It is a very startling proposal for a free trade country, and I say that in its present form it is a proposal which it is impossible for us to adopt. I do not say that merely because a proposal of this kind is contrary to Free Trade principles ; because, although I am myself a convinced Free Trader in the sense of believing that the theory is undoubtedly the theory on which the world would become most prosperous, yet I have not such a pedantic admiration for it that, if sufficient advantage were offered to me, I would not consider a deviation from the strict doctrine. Mr. Cobden himself took this view, and compromised his principles in making the French treaty ; and it cannot

A Free-trader with
reservations.

be expected that we, his disciples, should be more orthodox than the apostle of Free Trade himself. . . ." (*Ibid.*, pp. 169-70.)

Feeling, therefore, that the Colonies must be asked to better their offer, he called attention to a passage which had generally been overlooked in the circular despatch sent out by his predecessor Lord Ripon, cutting up the Ottawa proposal :

“. . . ‘The resolution’—that is, the resolution of the Ottawa Conference—‘does not advocate the establishment of a Customs Union comprising the whole Empire, whereby all the existing barriers to free commercial intercourse between the various members would be removed, and the aggregate Customs revenue equitably apportioned among the different committees.’ Says Lord Ripon: ‘Such an arrangement would be free in principle from objection, and, if it were practicable, would certainly prove effective in cementing the unity of the Empire and promoting its progress and stability.’” (*Ibid.*, p. 172.)

Although a “true Zollverein” of that kind would be a derogation from the principles of Free Trade and from the practice of the United Kingdom, it “might possibly lead to a satisfactory arrangement if the Colonies on their part were willing to consider it.” Despite the prevailing impression, he was not convinced that the Colonies would not look at it. The advantage to them of preference in the United Kingdom as a stimulus to the development and colonisation of their territories would be enormous. Nor was he contending for an exact imitation of the German Zollverein. The conditions were different. The countries of the British Empire were widely separated instead of being conterminous, and were characterised by radical diversity of conditions. The position was “exceptional,” and required exceptional treatment. Pleading

The German example not quite applicable.

to his countrymen for open-minded consideration of the question, he argued that the Colonies were "after all, whatever may be said of their present position, more likely to develop and increase in prosperity and population than any of the foreign States with which we have relations." He had been speaking, he said, for himself only, his object being "to provoke discussion in this country, to provoke discussion above all in the Colonies." Imperial union was a noble aspiration; but sentiment could not make an Empire unless "confirmed by bonds of material interest." "We can only found Imperial unity upon a common weal."

Such was the idea at which Mr. Chamberlain had gradually arrived, twelve months before the Conference of 1897, of what might be done on the commercial side. Its essential features, one may observe, were two. Approaching the question as a Free Trader, albeit a non-pedantic one, he was content to assume that there could be no direct advantage to the people of Britain in widening the range of import duties so as to include articles competing with the products of home industry. In any case that aspect of the question had been obscured by the circumstance that the actual proposal under consideration embraced duties on raw material of a kind not produced at home, which Protectionists would be even less willing than Free Traders to tax. Secondly, though he was frequently speaking of the Colonies as "nations," Mr. Chamberlain does not seem to have realised that Colonial nationalism was itself an insuperable barrier—quite apart from any question of revenue—to any plan which might appear likely to check the development of manufacturing industries. His demand that in the internal relations of the Empire "protection must disappear," was in effect

Colonial
nation-
alism.

a demand for the suppression of Colonial nationalism, Protection being the economic expression and instrument of the national idea. Free Trade within the Empire would at that time have meant the death of the Canadian "National Policy" which Sir Wilfrid Laurier was already learning to leave alone; and even to-day there are several important branches of Canadian industry which could not yet stand without adequate protection against British competition, though others might.

In June 1896 the Congress of Chambers of Commerce of the Empire met in London. The proceedings were opened by the Colonial Secretary, who took full advantage of the opportunity to push his primary policy. Free communications and personal intercourse were, he remarked, "conditions of national unity." Commenting on the agenda list, he soon led up to the main theme. His own city of Birmingham had put down a resolution in favour of the creation of an Imperial council for consultation and advice. But he argued that, given commercial union first, everything else would follow "as a matter of course":

"If we had a commercial union throughout the Empire, of course there would have to be a council of the Empire, and that council would be called upon to watch over the execution of the arrangements which might be made, and to consider and make amendments in them from time to time; and, whenever such a council is established, surely there will naturally be remitted to it all those questions of communication and of commercial law in which the whole of the Empire is mutually interested. Even Imperial defence could not be excluded from its deliberations, for Imperial defence is only another name for the protection of Imperial commerce, and to such a council as I have imagined to be possible the details of such defence, the method of carrying it out, the provision

to be made for it, would naturally be remitted. Gradually, therefore, by that prudent and experimental process by which all our greatest institutions have slowly been built up we should, I believe, approach to a result which would be little, if at all, distinguished from a real federation of the Empire. In my personal opinion this is a question which dominates all other Imperial interests, to which everything else is secondary, and which is at the root of the problem with which we have now to deal. The establishment of commercial union throughout the Empire would not only be the first step, but the main step, the decisive step towards the realisation of the most inspiring idea that has ever entered into the minds of British statesmen." (June 9, 1896. *Ibid.*, pp. 179-80.)

Only three ways of approaching commercial union had been or, he thought, could be suggested. There was the Cobden-Club proposal that the Colonies should abandon their fiscal systems; and there was the Ottawa proposal that the mother country should abandon hers instead. The first would tend "to cosmopolitan union, but would offer no particular advantage to the trade of the Empire as such"; and, anyway, the Colonies would not have it. As to the second, the Ottawa plan, there was not "the slightest chance that in any reasonable time this country, or the Parliament of this country, would adopt so one-sided an agreement." The working classes could not be expected to consent "to make a revolutionary change for what they would think to be an infinitesimal gain." Accordingly, he rejoiced to find that there was a third alternative, in a resolution sent in by the Toronto Board of Trade, advocating in effect a Zollverein, with complete free trade within the Empire and liberty for each State to make its own tariff on foreign goods. Again associating himself

Three
forms of
commercial
union.

with that principle, he declared his conviction that such a proposal, if it came from the Colonies, "would not be met with a blank refusal by the people of this country." It would be considered by them in no "huckstering spirit," but rather as part of a great policy of Imperial union.

But if the Colonial Secretary had really founded hopes¹ on the Toronto resolution, he was destined to a speedy disappointment. When the resolution had been formally moved by Mr. E. B. Osler, seconded by Lord Londonderry, and spoken to, an amendment was moved by Sir Donald Smith (afterwards Lord Strathcona), High Commissioner for Canada and also delegate of Montreal. The Toronto resolution had proposed "an arrangement (as nearly as possible of the nature of a Zollverein) based upon the principle of the freest exchange of commodities within the Empire, consistently with the tariff requirements incident to the maintenance of the local government" in each part. Sir Donald Smith's alternative specified "a customs arrangement between Great Britain and her Colonies and India, on the basis of preferential treatment." It went on to recommend "that steps should be taken to bring about an interchange of opinion on the subject between the Mother Country and the other Governments of the Empire." The High Commissioner explained that in proposing this amendment his purpose was to obtain unanimity among the Canadian delegates, and that those identified with the Toronto resolution were agreeable to his suggestion. Should the amended motion be adopted—as eventually it was—he hoped that it might lead to the calling together of another Colonial Conference in London, where the details of a suitable scheme

Limited
Preference
proposed
by Canada.

¹ Cf. the interesting conversation with Mr. Chamberlain which is given in Appendix G, and which appears to have taken place about this time.

might be arranged. What they were striving for was "some plan which might the least upset the fiscal systems in force in the United Kingdom and the Colonies." Sir Donald Smith was followed by Mr. Sydney Buxton, a representative of the previous Government. Somehow Mr. Buxton felt able to declare that in regard to Colonial matters there was now "continuity of policy." He described Mr. Chamberlain's speech as "momentous," alleging¹ it to be "the first time² a Secretary of State had pronounced absolutely and publicly in favour of what was commonly called a Zollverein between the Colonies and the Mother Country"; and he recalled the significant paragraph in Lord Ripon's despatch.

After this event, at which the Colonial Secretary spoke two days in succession, six months elapse before the next speech in the series. It was delivered (November 1896) at a banquet given to him by the Birmingham Chamber of Commerce, and was entirely devoted to trade. There is, however, nothing in it to remind one that the Minister had committed himself to the principle and policy of an Imperial Zollverein, unless he may be supposed to have been trying to induce the Colonies to better their offer by giving them to understand that, commercially, the mother country was doing very well under existing conditions; or he may have been waiting for the new Government in Canada to show their hand before committing himself further. Claiming for his colleagues that their "most absorbing aim" had been the welfare of agricultural and commercial industry, he expressed a view of government which comes nearer to fundamental truth than would be admitted by those who would give defence precedence over

Commerce
the
governing
national
interest.

¹ But *cf.* the Canada Club Address, *supra*, pp. 306-307.

² *Times*, June 10, 1896.

economics, as though men live to fight rather than fight to live:

“ . . . All the great offices of State are occupied with commercial affairs. The Foreign Office and the Colonial Office are chiefly engaged in finding new markets and in defending old ones. The War Office and Admiralty are mostly occupied in preparations for the defence of these markets, and for the protection of our commerce. The Boards of Agriculture and of Trade are entirely concerned with those two great branches of industry. Even the Education Department bases its claims to the public money upon the necessity of keeping our people well to the front in the commercial competition which they have to sustain; and the Home Office finds the largest scope for its activity in the protection of the life and the health, and in the promotion of the comfort, of the vast army of manual labourers who are engaged in those industries. Therefore, it is not too much to say that commerce is the greatest of all political interests, and that that Government deserves most the popular approval which does most to increase our trade and to settle it on a firm foundation.” (Nov. 13, 1896. *Ibid.*, pp. 141-2.)

Lord Rosebery had lately alluded to the fact that within the past few years over 2½ million square miles had been added to the British Empire. Perhaps, Mr. Chamberlain remarked, “the orator was not himself a little alarmed at this vast development, although I think that he has in some sort contributed to it by speeches of a stimulating character on previous occasions.” The expansion had been forced upon the country through the action of foreign Powers. But

“ . . . Let me make one remark here, the proper consideration of which would, I think, do very much to modify that jealousy with which undoubtedly foreign nations regard our extension. My remark is

this—that we, in our Colonial policy, as fast as we acquire new territory and develop it, develop it as trustees of civilisation for the commerce of the world. We offer in all these markets over which our flag floats the same opportunities, the same open field to foreigners that we offer to our own subjects, and upon the same terms. In that policy we stand alone, because all other nations, as fast as they acquire new territory—acting, as I believe, most mistakenly in their own interests, and, above all, in the interests of the countries that they administer—all other nations seek at once to secure the monopoly for their own products by preferential and artificial methods.” (*Ibid.*, p. 144.)

To find new markets and to develop old ones was, in his view, an important part of a Government's business. But the effort would be futile unless backed by unremitting enterprise on the part of manufacturers in adapting their wares to customers' needs. It seemed to be a theory, he said, with certain of our manufacturers that consumers were sent into the world by Providence in order to take the things which they, the manufacturers, made. The need for vigilance in this matter had been impressed upon him by the replies received to a circular inquiry which he had addressed to the Colonial Governors. Subject only to that warning, Mr. Chamberlain then saw no need for alarm about foreign competition. As to Germany, about which country there had been some apprehensive talk, his analysis of the average figures for ten years showed that there was “substantially no change of importance in the relative proportion of German and of British trade.”

New
markets
and British
manu-
factures.

In January 1897 Mr. Chamberlain reviewed the past year in a speech at Birmingham. Besides the troubles in connection with the Transvaal and Rhodesia, there had been three notable events. The Armenian

A review
of the
year's
events.

massacres had before given him occasion to pillory the inconsistency of those who would plunge the country into military crusades beyond its resources, while protesting against the policy of repressing equally atrocious abuses in certain parts of Africa where it was relatively easy to intervene with effect. He could not understand the humanitarianism which, denouncing the unspeakable Turk, could yet "sympathise with the sorrows of Prempeh and Lobengula." However, Lord Salisbury had now succeeded in re-establishing the concert of Europe, which might suffice to prevent a recurrence of similar outrages in the Turkish dominions. The second event was the Hay-Pauncefote arbitration treaty with the United States, by which it was "sought at any rate to make war in future absolutely impossible" between the two countries. To preserve cordial relations with the Americans was for the British people "something more than a desire, it is almost a religion." But after his experience over the fishery dispute he was not over-confident that the Senate would ratify the treaty.¹ Thirdly, there had been the "brilliantly led and the splendidly successful expedition to Dongola," by which a fertile province had been rescued from a barbarous tyranny. The new year, he went on to point out, was destined to be a notable one—the sixtieth year of a reign in which there had been an unparalleled record of social progress at home and Imperial expansion. It was intended to signalise the occasion by trying to secure, for the first time, "a personal representation of the Empire as a whole (including India, the Dependencies, and the self-governing Colonies). All the Colonial Prime Ministers were being invited to attend the ceremonial, rulers of countries generally many times the size of the United

¹ It was rejected by the Senate.

Kingdom, and destined to contain "at no distant date great nations":

". . . It is my belief that great good will result from this gathering, that a meeting between those who represent in so marked a degree the interests of the great Colonies and the members of Her Majesty's Government, will lead to an interchange of ideas about matters of common and material interest, about closer commercial union, about the representation of the Colonies, about common defence, about legislation, about other questions of equal importance, which cannot but be productive of the best results.

The Jubilee gathering.

"But, after all, this is the great motive which influences the Government. We want to show to these gentlemen, we want to show to the Colonies that they worthily represent, that the days of apathy and indifference have long passed away. We want to prove to them that we are as proud of them as we believe that they are proud of us. We want to show them that we have confidence in their future, and hope in their closer union with ourselves, so that in the time to come the British Empire, founded upon freedom, buttressed by the affection of its several members, fortified by mutual interest, shall stand impregnable and unassailable 'four-square to all the winds that blow.'" (Jan. 30, 1897. *Ibid.*, pp. 239-40.)

On March 27th the Colonial Secretary fulfilled the task of proposing the health of the chairman, Mr. Asquith, at the farewell dinner to Sir Alfred (afterwards Viscount) Milner on his departure for South Africa. He quietly but firmly reiterated the determination of the Government to uphold British rights under the Convention and to remain the paramount Power in that quarter. Little did any of that company foresee the inglorious destiny awaiting their chairman; who stirred not a finger to support the pro-consul when the crisis came; sat silent when his absent friend, worn with service, was reviled by the political

gamester who had formerly "beslavered him with fulsome adulation"; but became eloquent again when the chance arrived to usurp the credit of the national union which sprang directly from Lord Milner's self-sacrificing labours.

The last speech in the pre-Conference volume was at the annual dinner of the Royal Colonial Institute, which was founded in 1868 to promote the cause of "United Empire," and has been by far the largest and most effective non-party organisation for that purpose. The Colonial Secretary traced three stages in the evolution of the British attitude towards the Empire. The original idea, that the Colonies could "be held for our profit alone," had been dispelled by the War of Independence. The reaction developed a feeling that since the Colonies did not contribute revenue they were a useless burden. Then came the modern conception, typified in the Institute he was addressing, and stimulated by the writings of Froude and Seeley. In regard to the self-governing Colonies "the sense of possession has given place to the sentiment of kinship"; and in regard to the tropical dependencies it had given place to "the sense of obligation." After providing for the security of the Empire against attack, "our chief duty" would be to "give effect to that sentiment of kinship":

" . . . We want to promote a closer and a firmer union between all members of the great British race, and in this respect we have in recent years made great progress—so great that I think sometimes some of our friends are apt to be a little hasty, and to expect even a miracle to be accomplished. I would like to ask them to remember that time and patience are essential elements in the development of all great ideas. Let us, gentlemen, keep our ideal always before us. For my own part I believe in the British race, but I know

Patience
necessary
to triumph
of union.

that it will come, if it does come, not by pressure, not by anything in the nature of dictation from this country, but it will come as a realisation of a universal desire, as the expression of the dearest wish of our Colonial fellow-subjects themselves." (March 31, 1897. *Ibid.*, pp. 246-7.)

With such preliminary experiences and in such a frame of mind the Colonial Secretary awaited the Jubilee gathering.

The published Report of the 1897 session does not occupy twenty pages altogether. Even the names of the participants,¹ the Premiers of the self-governing Colonies, are not given. All were present on June 24th, when the first of the five meetings was held. Opening the proceedings, Mr. Chamberlain explained that he had made arrangements for a complete shorthand report to be taken, which would be treated as confidential unless the Conference decided otherwise. No information of any kind would be given out unless unanimous conclusions were reached. The Government had "carefully avoided suggesting anything in the nature of a formal Conference." This was because they did not wish to detract from the "personal character of the visit, or to force the discussion of subjects upon which the Colonial Premiers might be for the moment reluctant to enter. We are in the position of those who desire rather to learn your views than to press ours upon you." He would state the subjects which appeared to the Government most worthy of joint consideration; leaving it to the Conference afterwards to decide whether there should be a more formal and detailed discussion, in which case he would hope to arrange "subsequent interviews."

SESSION
OF 1897.

Question of
publicity.

¹ See list prefixed to this chapter.

Analogy
between
Confer-
ences of
1887 and
1897.

Clearly this Conference did not present itself to Mr. Chamberlain's mind as one in a series. The session of 1897 differed altogether from the preceding one at Ottawa in respect alike of motive and of circumstance. It was not convened, like that at Ottawa, in connection with any particular project of closer union. It resembled the original session of 1887 in so far as it was incidental to an Imperial festival, and a Royal Jubilee. The analogy may be carried further by pointing out that, though on neither occasion was there any specific project in view, recent events had been suggestive of possibilities. The action of Canada and Australia in offering contingents for the Sudan campaign of 1885, and the effect of the Russian war scare on Australian public opinion had prompted the feeling in 1887 that the time was ripe for a forward movement in connection with Imperial Defence. So in 1897, the recent action of the new Canadian Government in proposing a gratuitous British Preference¹ must have encouraged Mr. Chamberlain's preconceived belief that a first step might soon be taken towards Commercial Union.

Respon-
sible
Ministers
only.

But despite the intentional informality, the session of 1897 appears in retrospect to mark, both in form and in the conclusions reached, a decided stage in the development of the Imperial Conference as an institution. For the first time, albeit by accident, the membership was confined to Ministers of responsible Governments. For the purpose of the Jubilee ceremonial, Premiers alone had been invited from the Colonies, and thus were alone available. At this session, moreover, unlike any other before or since, all the Ministers participating were "Right Honourable" members of the British Privy Council, the Colonial Premiers having been sworn on their arrival.

¹ Cf. App. H.

But the important point is not that all the Colonial representatives were Premiers or British Privy Councillors, but that they were all Cabinet Ministers. This was the first occasion when the Conference assumed the shape, since stereotyped, of an assembly of autonomous Governments, collectively the rulers of the whole Empire.

In his introductory address the Colonial Secretary dwelt especially upon the subjects of Political Relations, Defence and Commerce. He treated them in the order named, which might appear at first sight to be at variance with the view he had for some years been developing that the most hopeful way of approaching the problem of closer union was from the commercial side. The explanation appears in the speech itself. Mr. Chamberlain pointed out that the question of Political Relations was "greater than all the rest," inasmuch as "it covers all the rest":

Chamberlain's address.

"Of course, if Federation were established, or anything approaching to it, all those other questions to which I am about to call your attention would be settled by whatever was the representative body of the Federation." (R., p. 7.)

The Hamiltonian method.

The flaw in this attitude is, perhaps, that without a preliminary or concurrent commercial federation, as in the case of the German Empire which Mr. Chamberlain often cited, there can be no such presupposition of perpetual community of vital interests as would induce political federation. The Colonial Secretary, however, may well have felt impelled by the discovery he had already made of the practical difficulties of commercial union to think that perhaps after all the first effort had better be directed to constituting some permanent Council for examining these matters and making authoritative recommendations thereon. He felt able

to state that in Britain the idea of federation was "in the air"; but, he added, it would be for the Colonies to say whether any practical application could at present be given to the principle. He recognised fully that slow growth was a characteristic of British institutions; "and so perhaps with Imperial Federation: if it is ever to be accomplished, it will be only after the lapse of a considerable time and only by gradual steps."¹

In this connection he called attention to the great importance of "the grouping of the Colonies," which had been accomplished first in the creation of the Canadian Dominion and seemed now to be impending in Australia. "In South African politics the same idea has bulked very largely in the past, and probably will come to the front again." The practical question was: Did the Colonies feel that the time had come to make a forward move? "Here," he said, "you will be met half-way." He gave them the trend of his own ideas:

"I feel that there is a real necessity for some better machinery of consultation between the self-governing Colonies and the Mother Country, and it has sometimes struck me—I offer it now merely as a personal suggestion—that it might be feasible to create a great council of the Empire to which the Colonies would send representative plenipotentiaries, —not mere delegates who were unable to speak in their name, without further reference to their respective Governments, but persons who by their position in the Colonies, by their representative character, and by their close touch with Colonial feeling, would be able upon all subjects submitted to them to give really effective and valuable advice. If such a council were created it would at once assume an immense importance, and it is perfectly evident

Imperial
Council
proposed.

¹ R., p. 5.

that it might develop into something still greater. It might slowly grow to that Federal Council to which we must always look forward as our ultimate ideal.

“And to a council of this kind would be submitted in the first instance the discussion of all minor subjects of common interest, and their opinion would be taken and would weigh most materially in the balance before any decision were come to either by this country or by the legislatures of the several Colonies in regard to such matters.” (R., pp. 5-6.)

The body which Mr. Chamberlain was addressing consisted of the Governments collectively, the supreme rulers of the whole Empire. His suggestion was, in effect, that a Council external to that body should be created for the purpose of advising those Governments individually or collectively. On the general principle, that the first impulse of every body or institution is that of self-aggrandisement, or at least self-preservation, the Conference of Governments could hardly have been expected to jump at the Colonial Secretary's suggestion. On the other hand it should be remembered that at this time the Conference had not yet acquired a definite consciousness of its own; so that the conditions were less unfavourable to the idea of an advisory council than they would inevitably become later on. If the proposal was ever to be made at all, Mr. Chamberlain had chosen the best time for making it, before the Conference became crystallised as an institution. But from this time forward there was a division of Imperialist opinion between the alternative ideas of developing the Conference itself into the nucleus of an Imperial organisation or, on the other hand, of converting it into, or subordinating it to, an advisory council, if not superseding it altogether.

Difference
between
Council
and Con-
ference.

But it was “absolutely necessary,” the Colonial

Secretary went on, to bear in mind that if now or hereafter they were going to create a "true partnership," the privilege of management and control would entail obligations and responsibilities, particularly "some form of contribution towards the expenses for objects which we shall have in common." He was glad that he had been able to make "a real advance" by taking up a plan prepared by his predecessors and arranging for the appointment of Colonial Judges to be members of the Privy Council.¹ One difficulty was, he recognised, that in practice the Judicial Committee would hardly be strengthened as desired unless the Colonial members could reside altogether in this country. He noted "in passing" that under the lately drafted Australian Federation Bill the appeal to the Privy Council was to be restricted in certain respects; and he ventured "most respectfully to urge the reconsideration of that suggestion," which he feared was prejudicial to the promotion of "uniformity of law throughout the Empire."

Privy
Council
and the
Colonies.

Turning to Defence, he insisted upon the common Imperial value of the British Navy, of which a formidable portion had been marshalled for spectacular review during the visit of the Premiers without weakening any of the fleets on distant stations. He pointed out how helpless the Colonies would be to maintain their independence without the strong arm of the mother country. Canada would have "to make concessions to her neighbours, and to accept views which might be extremely distasteful to her, in order to remain permanently on good terms with them." Australia would have to face the possibility

The Navy
and the
Colonies.

¹ In addition the visiting Premiers were now made British Privy Councillors. The British Privy Council proclaims the accession of a new Sovereign; hence the practical significance of the extension.

of difficulties not only with European Powers in the Southern Pacific but "with Japan or even with China." He rejoiced that Australia had "in the first instance" offered voluntarily a contribution in aid of the British Navy; and now Cape Colony had "followed in that patriotic course" by offering an unconditional gift of a battleship.¹ No doubt the amount in money was trifling in comparison to the burden of the Navy on the Home taxpayer. But having regard to the certainty that the Colonies, already approaching the stage of manhood, would grow into great nations, it would be a splendid thing to establish thus early "this principle of mutual support and of a truly Imperial patriotism." He was sorry to have to admit that in regard to military defence things were behindhand, though making progress. The Colonial Defence Committee was preparing schemes, so that each part of the Empire might know what to do in the event of war suddenly breaking out. An idea which Mr. Chamberlain proceeded to advocate strongly—and which Mr. Haldane was destined to take up ten years later—was that of interchanging military units for training between the different parts of the Empire. Another suggestion, more speedily carried out, was that commissions in the British Army might be given to cadets of approved military colleges in the Colonies, of which the one at Kingston, Ontario, was the exemplar.

Naval and
military
cadetships.

On the subject of Commercial Relations, Mr. Chamberlain did not trouble to review again the alternative suggestions which he had discussed publicly within the preceding twelve months. He merely stated the case in general terms :

Commer-
cial rela-
tions.

¹ In March of the following year (1898) Natal offered a naval contribution of 12,000 tons of coal, subsequently converted into a cash subsidy. The Cape offer was likewise commuted.

"I have said that I believe in sentiment as the greatest of all the forces in the general government of the world, but at the same time I should like to bring to the reinforcement of sentiment the motives which are derived from material and personal interest. But undoubtedly the fiscal arrangements of the different Colonies differ so much among themselves, and all differ so much from those of the Mother Country, that it would be a matter of the greatest complication and difficulty to arrive at any conclusion which would unite us commercially in the same sense in which the Zollverein united the Empire of Germany. It may be borne in mind that the history of that Zollverein is most interesting and most instructive. It commenced entirely as a commercial convention, dealing in the first instance only partially with the trade of the Empire, it was rapidly extended to include the whole trade of the Empire, and it finally made possible and encouraged the ultimate union of the Empire. But this is a matter upon which at the present time, rather than suggest any proposals of my own, I desire to hear the views of the gentlemen present." (R., p. 10.)

Meanwhile he noted that the Australian Premiers, in their recent convention at Hobart, had passed a resolution favouring closer commercial relations with the Empire, and that a commission of inquiry had been suggested. If they were not prepared at present to go farther than that, the British Government, he declared, would gladly join in instituting the proposed investigation of the subject. Then there was the question of commercial treaties with foreign countries, which had become urgent owing to the action of Germany and Belgium in at once claiming the benefit of the British Preference which Canada had enacted.¹ So long as the Belgian and German treaties continued in their existing form, the claim to enjoy the benefit of such reductions might be advanced also by a

¹ Cf. App. H.

number of other treaty countries, through the ordinary most-favoured-nation clause. But if the German and Belgian treaties were got rid of, there would no longer be anything to prevent a Colony giving the mother country preference *nominatim*. At the same time there would be a danger of Germany and Belgium retaliating, to the general disturbance of British trade. Before doing anything, the Colonial Secretary wished to know if the Conference were prepared to advise denunciation.

Alluding to the Ottawa session, he was glad to think that in regard to the proposed fast mail service arrangements were in progress by which it would be accomplished.¹ If in connection therewith the service between Canada and Australia were also to be improved "there will be nothing further to be desired."

Other subjects touched upon by the Colonial Secretary were the Pacific Cable, in regard to which the Committee had lately reported in a favourable sense;² Imperial Penny Postage, a scheme which only awaited the ability of the "sister nations" to risk a loss of revenue; a uniform commercial code, as a means of simplifying the conditions of trade within the Empire; uniformity of load lines, so as to avoid the transfer of merchant ships from one registry to another within the Empire; the Paris Exhibition of 1900, where Mr. Chamberlain was trying to arrange for a joint Imperial representation; and Alien Immigration. This last is a subject of great, growing, and perpetual importance. It may seem to have received a curiously inadequate amount of attention at the sessions of the Imperial Conference, 1897,

Subsidiary subjects.

Asiatic Immigration.

¹ Unfortunately this was premature. The proposed arrangements broke down, the Laurier Government deeming the subsidy to be excessive. The project was revived at subsequent sessions of the Conference. Cf. pp. 226-27.

² *Supra*, pp. 244-47.

being apparently the only time when it has been seriously discussed as yet. The explanation may be that no sufficiently definite question has since been raised in connection with it for the Conference to take up. But in 1897 matters had been brought to a head by a crop of Colonial Bills, from Australasia and elsewhere, for excluding Asiatic immigrants, which had been reserved for the consideration of the British Government. Mr. Chamberlain now made a general statement which must have appeared to the Australasian and South African Premiers to indicate a gratifying change of attitude on the part of Britain; and he laid down a principle of method—that of the so-called “education test”—which has largely governed Colonial legislation on this subject ever since:

Restriction
by “edu-
cation
test.”

“I have seen these Bills, and they differ in some respects one from the other, but there is no one of them, except perhaps the Bill which comes to us from Natal, to which we can look with satisfaction. I wish to say that Her Majesty’s Government thoroughly appreciate the object and the needs of the Colonies in dealing with this matter. We quite sympathise with the determination of the white inhabitants of these Colonies which are in comparatively close proximity to millions and hundreds of millions of Asiatics that there shall not be an influx of people, alien in civilisation, alien in religion, alien in customs, whose influence, moreover, would most seriously interfere with the legitimate rights of the existing labour population. An immigration of that kind must, I quite understand, in the interests of the Colonies, be prevented at all hazards, and we shall not offer any opposition to the proposals intended with that object, but we ask you also to bear in mind the traditions of the Empire, which make no distinction in favour of or against race or colour; and to exclude by reason of their colour, or by reason of their race, all her Majesty’s Indian subjects, or even all Asiatics,

would be an act so offensive to those peoples, that it would be most painful, I am quite certain, to Her Majesty to have to sanction it. Consider what has been brought to your notice during your visit to this country. The United Kingdom owns as its brightest and greatest dependency that enormous Empire of India, with 300,000,000 of subjects, who are as loyal to the Crown as you are yourselves, and among them there are hundreds and thousands of men who are every whit as civilised as we are ourselves, who are, if that is anything, better born in the sense that they have older traditions and older families, who are men of wealth, men of cultivation, men of distinguished valour, men who have brought whole armies and placed them at the service of the Queen, and have in times of great difficulty and trouble, such, for instance, as on the occasion of the Indian Mutiny, saved the Empire by their loyalty. I say, you who have seen all this cannot be willing to put upon those men a slight which I think is absolutely unnecessary for your purpose, and which would be calculated to provoke ill-feeling, discontent, irritation, and would be most unpalatable to the feelings not only of Her Majesty the Queen, but of all her people.

“What I venture to think you have to deal with is the character of the immigration. It is not because a man is of a different colour to ourselves that he is necessarily an undesirable immigrant, but it is because he is dirty, or he is immoral, or he is a pauper, or he has some other objection, which can be defined in an Act of Parliament, and by which the exclusion can be managed with regard to all those whom you really desire to exclude. Well, gentlemen, this is a matter, I am sure, for friendly consultation between us. As I have said, the Colony of Natal has arrived at an arrangement which is absolutely satisfactory to them . . . and to which the objection I have taken does not apply. . . . I hope, therefore, that during your visit it may be possible for us to arrange a form of words which will avoid hurting the feelings of any of

Her Majesty's subjects, while at the same time it would amply protect the Australian Colonies against any invasion of the class to which you would justly object." (R., p. 14.)

DEFENCE—
Goschen
favours
cash con-
tributions
to Navy.

After Mr. Chamberlain's speech the only *verbatim* report in the Blue Book is that of a statement made by Mr. Goschen as First Lord of the Admiralty, at the "fifth and last"¹ meeting. It is explained that "some misapprehension had arisen" as to the views of the British Government in regard to the Australasian Naval Agreement, which was now approaching the date for the exercise of the option to terminate it. Mr. Goschen said that declarations made earlier in the Conference by some of the Colonial Premiers had convinced him that great difficulties would beset any other form of contribution than the cash arrangement of the existing compact. Politically, the Government agreed with the Admiralty in valuing that principle, even if the amount of the payment were trivial. They would be "very glad to open up negotiations with Canada, if not precisely on the same lines, because its situation is somewhat different, yet on other lines." Strategically, it was true that they would like to have a "free hand" with the auxiliary squadron provided under the Australasian Agreement, which tied the ships to certain limits of movement. But what they meant by a free hand was not liberty to divert the ships to the general defence of the Empire, as some Australians seemed to apprehend, but simply liberty to employ those ships so as best to protect the Australasian "zone," which might involve operations outside the marine boundaries specified in the Agreement. The basic principle was that the Admiralty undertook "that no organised expedition should be directed against any part of Australia," while relying

¹ This is the only indication that there were five meetings altogether.

on the localities themselves for the defence of the principal ports. The misconception about the intentions of the Admiralty towards the Agreement, which they for their part did not propose to alter or terminate—though they would “prefer contributions without any tie whatever”—appeared to have arisen through misunderstanding of a speech made some time previously by the Duke of Devonshire,¹ which had been intended only as a protest against “hugging the shore; against the idea that protection by the Navy superseded the necessity for shore defences.” “Hence the duty of the Colonies as well as the mother country to look after their shore defences.”

After hearing Mr. Goschen, the Conference passed a resolution declaring that the statement was “most satisfactory” and favouring the continuance of the Australian squadron under the terms of the existing Agreement. The only dissentient was Mr. Kingston, of South Australia, already a prominent Australian nationalist. He declined to vote, pending further consideration of a scheme which he had submitted

Kingston
proposes
Australian
Naval
Reserve.

¹ Referring presumably to the Duke's speech at the Guildhall meeting of the British Empire League, December 3, 1896, in which he alluded with gratification to the Australasian Naval Agreement of 1887 as “the first recognition” made by any of the Colonies of their “duty and interests to contribute to the support of the Imperial Navy.” This would naturally alarm the Australians, who considered that they were, under the Agreement, hiring a squadron to render local service only, as a protection of coastwise trade, not to reinforce the main fleet. The Duke went on to explain at some length the general principles of Imperial defence at which the Colonial Defence Committee had arrived, and which did not seem to differ materially from the official principles of 1887. The British Navy was to hold the seas, but could not guarantee immunity from minor “raids” by hostile cruisers. It was proposed, therefore, that the British Government should be responsible also for the main bases and refitting stations on which the mobility of the navy depended; while the Colonies severally should undertake the fortification and land defence of other ports of which the commercial rather than the strategical importance might attract a raid. In fulfilment of its all-important duty the Admiralty claimed the “absolute power” of disposing of warships and objected to having any of them restricted to any particular waters.

But the Australians were predisposed to suspicion regarding the intentions of the Admiralty. Cf. *supra*, p. 45.

for the establishment of a branch of the Royal Naval Reserve in Australia.

“Hugging
the shore.”

It may here be remarked that lapse of time has already somewhat altered the perspective of the homilies repeatedly addressed in this period by the Admiralty to the Colonies, especially Australia, about the heresy of “hugging the shore” and the necessity of making such military preparations as would enable the people to acquiesce calmly in the naval strategy of offensive defence. The tables seem to have been completely turned. It is the Admiralty that now “hugs the shore” in Home waters; while the Australians have adopted the system of National Service so as to diminish the dependence upon immediate and decisive naval victory. The official excuse is, of course, that the Navy is concentrated in Home waters solely in order to be within the nearest striking distance of a possible enemy on the other side of the North Sea. A hypothesis not commonly discussed is that on the outbreak of war the main German fleet might be somewhere else, *e.g.* in the Atlantic. In that contingency, would the British fleet at once set forth in full strength to seek out and destroy the German fleet? Or would it find itself tied to the British coast by the panic of a populace untrained to arms and taught to believe that the Navy would not quit the North Sea for a moment until the German fleet had been finally destroyed and all danger of invasion removed thereby? In 1897 Mr. Chamberlain stated in his opening address :

“If we had no Empire, there is no doubt whatever that our military and our naval resources would not require to be maintained at anything like their present level.” (R., p. 7.)

Could that statement be made to-day, when

practically the whole of Britain's naval strength, formerly distributed throughout the world, has been concentrated in Home waters, "hugging the shore"? The statement was not convincing to the Australians or Canadians at any time; after the Fisher reorganisation it must seem less convincing than ever.

The Secretary of the Colonial Defence Committee attended the Conference in order to explain the measures which the Committee thought should be taken in each Colony to "complete its preparedness for any emergency." The Premiers all agreed to give these views careful consideration on their return. Those whose Colonies possessed "permanent forces of a purely military character" also expressed their intention of going into the suggestion of interchanging units with the mother country. With a view to uniformity of armament, the War Office invited negotiations for furnishing the new small-bores in exchange for Martini-Henry rifles.

Colonial
Defence
Com-
mittee.

For the rest, the official Report of 1897 gives the barest summary of the proceedings and results. The several resolutions which were passed are recited in the Appendix.¹ The Colonial Premiers "unanimously and earnestly" recommended the denunciation of the hampering commercial treaties. "In the hope of improving the trade relations between the Mother Country and the Colonies," they would undertake to confer with their colleagues with the view to seeing whether such a result could properly be secured by a preference given by the Colonies to the products of the United Kingdom. This would appear to suggest that Mr. Chamberlain felt, and possibly had argued, that the course already adopted by Canada in offering a gratuitous Preference to the mother country was calculated to assist the conversion of British

TRADE—
Unilateral
Prefer-
ence.

¹ Vol. ii., App. K.

public opinion to the policy of Imperial Reciprocity in some form or other. The trade resolutions were the most positive reached in regard to any of the Colonial Secretary's three main subjects. In response to them the British Government had already given notice to terminate the Belgian and German treaties, so that after July 30, 1898, any Colony might give the mother country preference. But it was thought necessary to warn the Colonies that if any of them "were to go further and grant preferential terms to any foreign country" the most-favoured-nation clauses would necessitate the extension of those terms to various other countries as well.¹

As regards Political Relations, the general opinion was that the existing relations were quite satisfactory. Mr. Seddon and Sir Edward Braddon, representing an earlier stage of Colonial evolution than had already been reached by Canada and the larger Australian Colonies, alone dissented, desiring "more formal" ties. The Report goes on to state that "among some" of the Colonial Premiers there was a strong feeling that "the present relations could not continue indefinitely" as the Colonies grew; but it was also "recognised" that any plan for giving the Colonies more control over Imperial policy would involve contributions to expenditure for which at present they were not "generally" prepared. Two important resolutions of a more constructive tendency were that "Colonies which are geographically united" ought to be grouped together "under a federal union"; and that it was desirable "to hold periodical conferences of representa-

¹ It is noteworthy that the foreign side of the Canadian Preference policy, which lately has seemed to be encroaching on the Imperial side, is not an entirely modern feature, nor is it the invention of the Liberal party in Canada. At Ottawa in 1894 the Conservative Government hinted plainly at subsidiary arrangements on the basis of Preference with foreign countries, cf. *supra*, p. 166. Sir Wilfrid Laurier's Government appear to have taken over this idea with the rest of the Preference policy.

POLITICAL
RELA-
TIONS—
"quite
satisfac-
tory."

tives of the Colonies and Great Britain for the discussion of matters of common interest." These were carried unanimously. The first fitted the case of Australia and South Africa, and has been acted upon, to the enormous simplification of the organisation of the Conference; but the resolution was intentionally or unintentionally drafted so as to exempt the case of Newfoundland. Perhaps it would be difficult to state a principle on which Newfoundland would be committed to Canada without New Zealand—really quite a different case—being committed to Australia. The second resolution marks an initial step towards the permanent establishment of the Conference. Incidentally the language illustrates an anachronistic tendency to exclude Ireland from the United Kingdom, which is surely a more proper term than Great Britain to use in this connection.

Periodic
Confer-
ences.

Ireland
excluded.

There were also brief references to a few other matters. The new¹ commercial treaty with Japan was mooted; but only Queensland,² Newfoundland, and Natal would become parties to it. Newfoundland alone, intent on the Latin Catholic market for fish, wished to become a party to the convention with France in regard to Tunis. On the question of coloured immigration there was "a full exchange of views"; and though no definite conclusion was reached

Japanese
Treaty.

Alien
immigra-
tion.

¹ 1894.

² Queensland's adhesion to the Japanese treaty brought her trouble afterwards in connection with her Asiatic-exclusion policy. The same kind of difficulty overtook Canada, when, early in 1906, she became a party to the treaty in hopes of finding in the Far East the expanding market which the result of the General Election in the United Kingdom had forbidden her to expect in the near future in that quarter. For these results of the Japanese treaty cf. *The Imperial Problem of Asiatic Immigration*, a paper read by the present writer before the Royal Society of Arts in April 1908, and published in the *Journal*. Mr. Lewin's appendix to the paper, giving a concise summary of all the laws relating to Asiatic immigration in the self-governing Colonies, together with British and American treaties with China and Japan, will be found invaluable by students of the question.

—the Premiers again desiring to consult their colleagues and Parliaments—the British Government were hopeful of the result. Financial circumstances in the Colonies were found to impede the general adoption of Imperial Penny Postage. As to the Pacific cable the Premiers desired more time to consider the Committee's recent report, while the British Government could only await concrete proposals from them. It was resolved that restrictions on the investment of funds by English trustees in Colonial stocks ought to be removed; a change which, to the detriment of British Government securities, was presently effected by the Colonial Stocks Act of 1901. The questions of load lines, and of the future administration of British New Guinea (or Papua), the Solomon Islands, and the New Hebrides were "discussed privately with the Premiers" concerned, beside sundry matters of more temporary interest.

Subsidiary
matters.

PART IV
LONDON, 1902

LONDON, 1902

IMPERIAL CONFERENCE

FOURTH SESSION

MINISTERS PRESENT

Britain :—

- Mr. J. Chamberlain, Secretary for the Colonies.
- *The Earl of Selborne, First Lord of the Admiralty.
- *Mr. W. St. J. F. Brodrick, Secretary for War.

Canada :—

- Sir Wilfrid Laurier, Premier.
- *Sir Frederick Borden, Minister of Militia and Defence.
- *Mr. W. S. Fielding, Minister of Finance.
- *Sir William Mulock, Postmaster-General.
- *Mr. W. B. Paterson, Minister of Trade and Customs.

Australia :—

- Sir Edmund Barton, Premier.
- *Sir John Forrest, Minister of Defence.

New Zealand :—

- Mr. R. J. Seddon, Premier.

Cape Colony :—

- Sir J. Gordon Sprigg, Premier.

Natal :—

- Sir Albert Hime, Premier.

Newfoundland :—

- Sir Robert Bond, Premier.

* Spoke only when questions affecting their special departments were under discussion.

CHAPTER IX

THE SILENT CRISIS

BETWEEN the sessions of 1897 and 1902 the Empire was in the throes of the South African crisis, which was flagrant, protracted and clamorous. The title of the present chapter is meant to signify that contemporaneously another crisis also was being played out in the fate of the Empire; but it was a silent one. The struggle, one may imagine, was going on in the mind of the greatest Secretary of State who has yet been entrusted with the administration of the Colonial Office. Twice he met the Colonial Premiers, first before the war had broken out, and again when it had barely been concluded. *Verbatim* reports were taken of both meetings; but they were made confidential at the wish of one or more of the Colonial Premiers, and have not yet been published. So the silent crisis has remained a silent one. There is no reason to think that either of the full reports was withheld at Mr. Chamberlain's desire; or that his personal reluctance stood in the way when, subsequently, a demand arose for documents which, it seems to have been thought, might throw light upon the origin of the disconcerting campaign for Tariff Reform and Imperial Preference. If conjecture is necessary, the reason for secrecy in 1897 may perhaps be discovered in the confusion which had come over the co-operation of the Australian Colonies in the matter of the Pacific cable; while in 1903 Sir Edmund Barton may have been apprehensive about the probable political effect

Suppressed
reports of
two Con-
ferences.

in the Commonwealth of the naval discussions which had taken place at the Coronation meeting of the previous year. In regard to that session, indeed, Mr. Chamberlain explicitly stated that the report was not being withheld on his account. In the course of the next session (1907) Sir Wilfrid Laurier expressed the opinion that there was no longer any reason why the report of 1902 should not now be made public; but this has not yet been done. Thus the crisis of 1897-1902 has remained to some extent shrouded in mystery, though probably there is nothing unsuspected to be revealed.

Nature of
the crisis.

The nature of the silent crisis may be very briefly stated in advance. Between 1897 (when he first met the Colonial Premiers) and 1903 (when he launched the campaign for Tariff Reform), Mr. Chamberlain learnt by his official experience that there was no real hope of a permanent Imperial union unless mutual Preference in trade could speedily be established. Philosophically that was the perception of an eternal truth; and in politics the momentous decision of a statesman.

Liberal-
Unionism
an Im-
perialist
creed.

His own presidential addresses at these two sessions of the Conference are available unabbreviated. Taken in conjunction with the acts and speeches of his earlier career, and with the Colonial events which concerned his department, it is easy to see from these utterances how, as a practical man rather than a theorist, he was forced to the decisive conclusion. One of the commonest gibes of party whipper-snappers is that Mr. Chamberlain was not always an Imperialist because he was once a Liberal. His supreme offence in the eyes of the politicians who were condemned by his action in 1886 to twenty years of political impotence is that he refused to recognise any contradiction of principle between Liberalism and

Unionism. He found himself unable to work with a leader whose quick-change policy had denied the value of union as the great constructive principle—which it always has been and always must be—of human progress on its political and social side. The founder of Liberal-Unionism would hardly have chosen to take over the Colonial Office had he not already become enthusiastic for the idea of applying in a liberal spirit the principle of union to the British Empire. Essentially a man of action, he appears to have been attracted by the Hamiltonian method. Here were intricate questions of joint interest taxing the patience and resources of his officials—the Pacific Cable and the Mail Service, which had been left over from the Ottawa session. Behind them always was the more vital question of Imperial Defence, the problem of how to obtain the effective support of the rapidly growing Colonies for the Imperial Navy, a matter which had been at a standstill since 1887. Hardly less important to the Birmingham man of business would appear the trade question, which in reality was fundamental. At the Ottawa Conference, as he must have learnt, there had been serious discussion of the idea of forming a commercial union of Colonies, excluding the mother country if she did not care to join, under the hegemony of Canada. Scarcely had Mr. Chamberlain taken office when the new Liberal Government in Canada, representing the party hitherto identified with the proposal of American commercial union, suddenly and paradoxically adopted their opponents' policy of British Preference. It must have seemed to the founder of Liberal-Unionism that such an overture ought to be reciprocated. Only how?—because Britain was wedded to Free Trade, of which he himself had never thought of questioning the theoretical superiority. The Hamiltonian pre-

Hamiltonian
method.

Advisory
Council
refused by
Dominions.

scription would naturally be seductive. Create a council of the Empire, with sufficient authority to win respect for its decisions, and hand over all these questions to it. Mr. Chamberlain tried to create the Council. He proposed it in 1897, and again in 1902. During the five-years' recess between those two sessions he had been called upon to deal with two separate Colonies, Jamaica and Newfoundland, which, sickened with the clammy Cobdenism of the mother country, wished to establish mutual preference with the United States and let the political consequences take care of themselves. But the Colonies would not have the proffered Council. They advocated instead a policy of Imperial reciprocity in trade as the surest step towards closer union of the Empire. They were not prepared for a Zollverein, *i.e.* free trade within the Empire; but they would go a long way in mutual preference. They would not agree to pool defence forces under central control, but they were ready to consider the building up of forces under their own control individually. They would surrender no part of their national autonomy to a federal council; on the contrary, Canada and Australia seemed to aim at a yet larger independence. The whole tendency was centrifugal, except in the one matter of trade; and there the fiscal system of the mother country was incompatible with acceptance of the Colonial offer. Why should there ever have been any wonder, among those who had observed Mr. Chamberlain's career, at his retirement from a Government unwilling to use the already established corn duty for the purpose of initiating the trifling change which alone could save the Empire from eventual disintegration?

Preferential trade
the only
way.

After the Jubilee celebrations of 1897 public interest and the main attention of the Colonial Secretary were

soon absorbed in the South African deadlock and the ensuing war. The fiscal developments towards Preference in Canada and away from it in Jamaica and Newfoundland were taking place as it were in the background. Meanwhile in Australia the federation movement had at length been brought to a successful issue. When the Bill came before Parliament the Colonial Secretary made an attempt to get the clauses relating to Privy Council appeals modified in conformity with the view he had expressed at the Conference of 1897;¹ but with only partial success.² The new Commonwealth came into being on January 1, 1901. A great step forward was thus taken on the lines of the Imperial Resolution of 1897. The immediate effect was to reduce the Colonial units in the Imperial Conference from eleven to six in number; eliminating the friction liable to arise from the internecine jealousies of the Australian Colonies, and making the Conference a more workable committee of the Empire.

Like two out of its three predecessors, the session of 1902 was incidental to an Imperial festival, this time the Coronation of King Edward. In January a circular cablegram from the Colonial Secretary intimated the desire of the British Government to take advantage of the presence in London of the Colonial Premiers to hold a Conference. The subjects indicated by him were the political and commercial relations of the Empire and its naval and military defence. The several Governments were invited to submit additional subjects for discussion and the text of any resolutions they might wish to propose. Thus, as in 1887, the Colonies were consulted beforehand in regard to the agenda.

The session of 1902.

Invitation to submit subjects for discussion.

No additional subjects nor any resolutions were offered by Canada, where Sir Wilfrid Laurier had been

¹ *Supra*, p. 324.

² *Cf.* Ch. XIV., Court of Appeal.

having a trying experience with his French-Canadian constituents and compatriots during the war fever. In Quebec he had to combat the imputation of Imperialism, which in other parts of the Dominion was a good political asset. A readier response came from New Zealand, where Mr. Seddon reigned supreme; and from Australia, where Sir Edmund Barton was struggling to get the federal machine into working order. Mr. Seddon submitted the text of resolutions in favour of holding the Conference triennially; creating Imperial Reserves out of Colonial military forces at the joint expense of the British and Colonial Governments for service oversea in cases of "emergency"; enlarging the auxiliary Australian Squadron without altering the principle of the existing Agreement; mutual preference for trade carried in British ships; a trans-Canada mail service between the United Kingdom and Australasia; meeting the exclusive coastal shipping laws of foreign countries with similar restrictions; admitting Colonial members of the learned and skilled professions to practise without further certificate in the lately annexed territories in South Africa. Mr. Seddon desired also to discuss the distribution of commissions in the Imperial Army and Navy.

No other Government submitted the text of any resolutions. But the Commonwealth desired to discuss the question of communication prior to entering on treaties affecting Colonial interests; an Imperial Court of Appeal; the possible loss of most-favoured-nation treatment if preference were given to Britain; mutual protection of patents; the British stamp charges on Colonial bonds; ocean cables and State purchase thereof. Natal and Cape Colony combined to suggest the subject of Naturalisation. Apart from his general proposals, the Colonial Secretary suggested

N.Z.'s
resolutions.

Australia's
suggestions.

the discussion of the relations of the Commonwealth and New Zealand with the islands of the Pacific. The War Office submitted the question of uniformity in patterns of weapons; on account of the adoption by Canada of the Ross rifle, which differed in principle from the Lee-Metford though carrying the same cartridge. The Admiralty and War Office together submitted the question of Government control over wireless telegraphy, which was then just beginning to receive serious attention.

Constitutionally the Conference of 1902 was similar to its predecessor, though marking an advance upon it. It was again restricted to Governments, but the representation of the self-governing Colonies was not restricted to their Premiers. A paragraph on the introductory page of the Report indicates the official point of view at that time:

Constitutional
advance.

“In addition to the Prime Ministers the Conference enjoyed the advantage of the presence at its meetings of the Minister of Defence for the Commonwealth of Australia, and of the Canadian Ministers of Customs, Militia and Defence, of Finance, and the Canadian Postmaster-General. The Secretary of State for War, the First Lord of the Admiralty, and the President of the Board of Trade were also present at the discussion of the questions affecting their special Departments.” (R., p. 1.)

From the above it would appear that the additional Ministers of the Colonies were present throughout, while those of Britain only attended when matters affecting their special departments were under discussion. But in a later despatch from the Colonial Office¹ it is stated that the additional Colonial Ministers took part, like the additional Ministers of

¹ See vol. ii. p. 34.

the British Government, only when their special subjects were being discussed.

Not an
innovation
of prin-
ciple.

In retrospect the admission of additional Colonial Ministers to the Conference appears as a logical development of the institution. The Conference had begun, in 1887, as an assemblage of distinguished citizens, nominated but not very definitely instructed by their respective Governments. At the next session, in 1894, the Conference consisted of Government delegates with definite instructions. In 1897 the principle of delegation disappeared, the Colonial Governments themselves attending in the persons of their respective Prime Ministers. But a responsible Government is, on the British constitutional theory, equally represented by one or some or all of its Cabinet Ministers. Therefore it was no innovation in principle for the Canadian and Australian Prime Ministers in 1902 to be accompanied by certain of their colleagues, who sat with them through the Conference. But apparently that was not the general view at the time. Some years later, on the approach of the 1907 session, the Canadian Government had occasion to remark, in a despatch to the Colonial Office, that "the Colonial Ministers other than Prime Ministers were received only by the courtesy of the Conference, and not without objection having been taken to what was regarded by some as a departure from the basis on which the Conference had been organised."

Clearly the objection in 1902 could not have come from Sir Edmund Barton, who himself had brought a colleague with him; nor did it come from the Colonial Secretary. In the later correspondence already alluded to, Lord Elgin, referring to this session of the Conference, mentioned that the Chairman, Mr. Chamberlain, had given a ruling in connection with this question of additional Ministers

to the effect that no alteration could be made unless the feeling in favour of it were unanimous. According to Sir W. Laurier's recollection¹ Mr. Chamberlain gave this ruling "against his own inclination." Among the possible objections to additional Ministers, which presumably had been raised in 1902, Lord Elgin mentioned "the relative advantage to be derived by Colonies within easy reach of this country and those which are more distant." This seems to indicate New Zealand as the objector in 1902; especially when it is remembered that Mr. Seddon had combined in his own person the offices of Premier, Treasurer, and Minister of Defence, Labour, Education, and Immigration. Essentially an autocrat he had associated with himself in the Government no colleague, excepting Sir Joseph Ward, whose presence could strengthen the representation of the Colony in the Conference. And if he brought his lieutenant with him, what might not happen in their absence?

Chamberlain's ruling—no change without unanimity.

But perhaps the main historical interest of the objection is the contemporary witness it bears to an incipient recognition of the Conference as a regular institution, which would be a natural result of the 1897 resolution in favour of periodical meetings. Respect for precedent was² characteristic of the development of British institutions. As has been shown, the restriction of the Colonial representation in 1897 to Premiers was probably an accident, arising out of the Jubilee circumstances to which the Conference was merely incidental and subordinate. But whether established by accident or deliberately, the precedent was now felt to carry weight, even if the precise significance which it bears in retrospect was not a matter of universal agreement at the time or for some years afterwards.

Self-consciousness of Conference.

¹ R., 1907, p. 16.

² Possibly not after 1910.

Equality of status not yet recognised.

The conception of the Conference as a council in which "the great nations across the seas," as Mr. Chamberlain described them in his opening address, would as nations enjoy an equality of status with Britain, their ex-suzerain, had not as yet anywhere emerged. Though he did not say it so explicitly this time Mr. Chamberlain, and the Colonies generally, still regarded the primary purpose of the Conference as being the enlightenment of the Imperial authorities in regard to Colonial opinion rather than the construction of a co-operative partnership:

"I cannot, I think, over-estimate the importance of such Conferences as these. Even if they should lead to nothing absolutely substantial in the way of practical resolutions, yet at the same time I am convinced that they are of infinite value and a great gain to the whole Empire, inasmuch as they afford an opportunity for a review of the policy of the Empire by the representatives of the great self-governing Colonies." (R., p. 2.)

Question of publicity.

The Colonial Secretary again directed the procedure. As in 1897, a full shorthand report would be taken, but would be treated as confidential unless the Conference decided to authorise its publication, in order that the fullest freedom of discussion might be ensured. But fortified by the resolution of 1897, to which he alluded, and by the response to his preliminary despatch, Mr. Chamberlain was no longer apprehensive of abusing a host's privileges by making the discussion formal. He reminded the nation's guests that they had come not only in order to witness the Coronation, but also "for the purpose of a business Conference."

The official Report.

The official Report is less meagre than that of 1897, but remains a bare summary as regards the remarks of the Colonial Premiers. Nothing is given in full except the opening address of the Secretary of

State, the speeches made by representatives of the War Office and Admiralty, and various memoranda which were handed in. It is not even stated on what date the proceedings began—the session was in June and July—nor how many meetings took place. It is mentioned, however, in correspondence¹ relating to the next session, that in 1902 there were ten sittings, held generally twice a week, and that the total duration was about a month. In addition to these sittings there were various departmental discussions, and separate discussions with the Colonial Secretary on matters in which only one or two Colonies were interested.

Towards the close of his opening address Mr. Chamberlain alluded to the unusual excitement and sanguine expectations with which the Conference had been anticipated by British Imperialists :

“In conclusion, I would add that I cannot conceal from myself that very great anticipations have been formed as to the results which may accrue from our meeting.” (R., p. 9.)

Much expected from the Conference.

Though he followed the remark with a caution against undue optimism, it is difficult to imagine that he himself failed to share the prevailing hopefulness. The circumstances were indeed unique, calculated to mislead all except a few among the English friends of closer union. The “mafficking” atmosphere of the war, which had barely been concluded in time for the Coronation, dominated the mother country. The part played by Australasia and Canada in South Africa had at length fired the popular imagination with the Imperial idea. The timely and wonderful “loyalty” of “our Colonies,” shattering the contemptuous prognostications of the Cobdenite philo-

¹ Cd. 3337, p. 1.

sophers, had inspired a feeling that almost anything might issue from this Conference—possibly even a complete scheme of Imperial Federation, including a Zollverein based on Free Trade within the Empire, which both parties in Britain had practically agreed to accept. The least to be expected was a proper Imperial organisation for defence, crystallising the spirit displayed in the despatch of the Colonial Contingents to South Africa. The War Office was probably not less sanguine than the Admiralty. It thought it had won practical recognition from the Colonies of the principle that in war they were liable to furnish contingents, placing them under British control and merging their identity in that of the common Imperial Army. Unnecessarily to ensure that result, a heavy call had been made upon the British taxpayer, who had provided pay at fancy rates for the Colonial contingents. In Canada Sir Charles Tupper, then leader of the Opposition party, had from the outset insisted that the Dominion ought to offer troops, and moreover should bear the whole expense of maintaining as well as equipping them.¹ He would have moved a resolution to that effect in the Canadian House of Commons, had not the British Government intervened by intimating that in the interests of discipline it was essential that the British authorities should be paymaster, and that they would find the money. A scheme for establishing Imperial Reserves in the Colonies, at the call of the British Government, had now been prepared for the Conference; corresponding to the Admiralty's scheme for assessing the Colonies in cash contributions to the British Navy.

Encouragement was given to high-flown expectations by the tenor of the several resolutions sub-

¹ Cf. his letter in the *Toronto News*, Dec. 4, 1903.

mitted in advance by New Zealand, the Colony which had been proportionately the most lavish in contingents. Very few seem to have appreciated the true character of the situation, or how the war had really affected the conditions of the Imperial problem. All "our Colonies" were popularly lumped together in a harmonious whole, characterised by a common and fervent "loyalty" to Britain. There was a failure to recognise the vital distinction between New Zealand as a colony and an exceptionally British one, and Canada as a nation and a peculiarly composite one; with Australia at a midway stage of evolution; and the South African Colonies labouring under an uncomfortable sense of the antagonism between the natural instinct of the Dutch population and the much-flaunted British racialism which remains to-day the worst enemy, after Free Trade, of closer Imperial union. What the war had really done was to stimulate enormously the sentiment of colonial nationalism which naturally in its early phases is antagonistic to any scheme—such as Imperial Federation, a Zollverein, or a centralised system of Imperial defence—involving surrender of the power to control the lines of economic and political development. Hitherto colonial nationalism had been struggling against the old tradition of colonial inferiority, which had encouraged the habit of self-depreciation and want of self-confidence. For instance, the idea used to be scouted that Colonial troops could ever show to any advantage beside British troops. Many Colonial patriots had resisted that ignominious habit of mind. But it had prevailed up to the South African war. Then it was dissipated in the twinkling of an eye, provoking a reaction to the opposite extreme. Canada and Australia—the latter flushed with the first excitement of national union—came to the Conference

Develop-
ment of
Colonial
national-
ism.

of 1902 more reluctant than ever, instead of less reluctant, to suffer any diminution of their national autonomy. For the first time a division became conspicuous between the colonies and the nations, national patriotism resisting the impulses of colonial loyalty. That division was wholly unexpected in Britain, not understood, and very disconcerting to the Imperialists. Even Mr. Chamberlain, who was often referring to the larger Colonies as "nations," does not seem then to have appreciated all that the growth of old colonies into young nations implies. The convenient and attractive fallacy which is implied in such expressions as the "Expansion of England," or "Greater Britain," still bore unchallenged sway. It was not yet understood that the expansion and development of the Empire had not meant an extension of the British nation, but rather had facilitated the creation of new and self-conscious nations; mainly British by instinct and in character, but distinct nations none the less; loyal to the Imperial Crown, but owning no allegiance to the British Government.

Hence
disappoint-
ment.

It was thus inevitable that the Conference should, by the comparative failure of the official plans, bring acute disappointment. Somehow it seems to have escaped notice that not even Mr. Seddon, representing the zenith of colonial loyalty, had submitted any resolutions suggesting a political federation of the Empire.

The Colonial Secretary, in his capacity as chairman, opened the proceedings with an address in which he outlined the business of the session :

CHAMBER-
LAIN'S
OPENING
SPEECH.

"I say the paramount object is to strengthen the bonds which unite us, and there are only three principal avenues by which we can approach this object. They are through our political relations, in the first place; secondly, by some kind of commercial union;

in the third place, by considering the questions which arise out of Imperial defence. These three great questions were considered at the last Conference, and I think it is clear that they must form the principal subject of our deliberations on this occasion, and, indeed, of those of any future Conferences which may afterwards be held." (R., p. 2.)

Passing on to review these objects separately, he pointed out that the problem of political relations had been simplified since the last Conference by the federation of the Australian Colonies; and that a similar federation in South Africa was "almost within sight." In his own opinion, the political federation of the Empire was "within the limits of possibility." Similar obstacles, especially variety of interest and geographical distance, had been surmounted in the cases of the United States and of Canada. The late war had "brought home to all of us the essential unity of sentiment which unites us." At the same time he felt that "it would be a fatal mistake to transform the spontaneous enthusiasm which has been so readily shown throughout the Empire into anything in the nature of an obligation which might be at this time unwillingly assumed or only formally accepted." Accordingly the demand for closer union must come from the Colonial side. "If it comes, it will be enthusiastically received in this country." To Sir Wilfrid Laurier's famous challenge, "If you want our aid, call us to your councils,"¹ the Colonial Secretary made an emphatic response:

¹ Taken out of its context, this quotation seems to indicate a wish to be called to the councils of the Empire. But the speech in which it occurs does not justify that interpretation. Sir Wilfrid Laurier was defending the policy of sending the contingents against Mr. Bourassa's criticism, that it had committed Canada to indefinite Imperial obligations:

"But I have no hesitation in saying to my honourable friend that if, as a consequence of our action to-day, the doctrine were to be admitted that Canada should take part in all the wars of Great Britain, and contribute to

“ Call us
to your
councils.”

“ Gentlemen, we do want your aid. We do want your assistance in the administration of the vast Empire which is yours as well as ours. ‘The weary Titan staggers under the too vast orb of his fate.’ We have borne the burden for many years. We think it time that our children should assist us to support it, and whenever you make the request to us, be very sure that we shall hasten gladly to call you to our councils. If you are prepared at any time to take any share, any proportionate share, in the burdens of the Empire, we are prepared to meet you with any proposal for giving to you a corresponding voice in the policy of the Empire.” (R., p. 4.)

As to method, there was “no objection in principle” to Colonial representation in either or both of the Houses of Parliament. But for his own part he preferred the idea of a “real Council of the Empire, to which all questions of Imperial interest might be referred.” To proceed gradually, this Council might at first be merely advisory; but it was “clear that the object would not be completely secured until there had been conferred upon such a Council executive functions, and perhaps also legislative powers.”

Imperial
Defence.

The two main subjects with which such a Council would deal were Imperial Defence and Commercial Relations; to which he now invited “the special attention” of the Conference.

Referring to Imperial Defence, he laid before them a paper showing that the normal naval and military estimates amounted to 29s. 3d. per head in the United Kingdom; only 2s. in Canada; in New Zealand,

the military expenditure of the Empire, I agree with him that we should revise the condition of things existing between us and Great Britain. . . Under that condition of things, which does not exist, we should have the right to say to Great Britain, ‘If you want us to help you, call us to your councils; if you want us to take part in wars, let us share not only the burdens but the responsibilities and duties as well.’ But there is no occasion to examine this contingency to-day.” — *Canadian House of Commons, March 13, 1900.*

3s. 4d. ; in Cape Colony and Natal, between 2s. and 3s. The figure for Australia (according to the Defence Minister, Sir John Forrest) was about 4s. He argued that, while this unequal distribution was excusable during the infancy of the Colonies, those days were past ; and that now it was "inconsistent with their dignity as nations." He did not expect that this disproportion would be corrected off-hand, but he hoped that "something will be done" ; and proposed calling in the representatives of the Admiralty and the War Office to explain the official views at a subsequent meeting.

Turning to Commercial Relations, he argued that the resources of the Empire, which were sufficient even to make it self-supporting, made it possible to develop an "inter-Imperial" trade, to displace much of the present foreign trade. "Our first object is free trade within the Empire." But such free trade did not imply the surrender by the Colonies of indirect taxation. "In my mind, whenever Customs duties are balanced by Excise duties, or whenever they are levied on articles which are not produced at home, the enforcement of such duties is no derogation whatever from the principles of Free Trade as I understand it." From such Imperial free trade great results would follow. He was confident "that it would hasten the development of our Colonies ; that it would fill up the spare places in your lands with an active, intelligent, industrious, and, above all, a British population ; that it would make the mother country entirely independent of foreign food and raw material."

He had to recognise, however, that no such proposal had come from the Colonies. But the latter had declared themselves willing to entertain the idea of giving a tariff preference to British manufactures, without demanding reciprocity. At the Conference

Commercial relations—Imperial free trade.

of 1897 the Colonial Premiers had undertaken to work in this direction. But "nothing whatever had come of that resolution."¹ Prior to 1897 the Dominion Government actually had adopted the principle of granting a British preference without reciprocity. But so far this preference had not produced adequate results. The most it had done was to arrest the positive decline of British imports into Canada. The reason was, he suggested, that the preference had not really weakened protection :

"So long as a preferential tariff, even a munificent preference, is still sufficiently protective to exclude us altogether, or nearly so, from your markets, it is no satisfaction to us that you have imposed even greater disability upon the same goods if they come from foreign markets, especially if the articles in which the foreigners are interested come in under more favourable conditions."² (R., p. 8.)

¹ Australia had to wait for Federation; and, generally, the war had diverted attention from everything else.

² The Canadian representatives rebutted this argument in an exhaustive "Memorandum respecting the Operation of the Preferential Tariff," which appears in the Report (p. 118). They pointed out that while British dutiable imports increased by 56 per cent. from 1897 to 1901, the increase in similar imports from all countries, excepting the United States, was at the rate of only 32 per cent. They stated that in the United States manufacturers had met the preference by reducing their selling prices. They claimed, with justice, that the figures in the Memorandum substantiated the following propositions :—

- (1) That the preference was a very substantial and genuine one.
- (2) That it gave British merchants a material advantage over foreign competitors in the Canadian market.
- (3) That the preferential rates were not too high to shut out reasonable competition with the Canadian producer.
- (4) That the preference had resulted not only in arresting the continuous decline in British trade, but in stimulating that trade. If it had not been granted, it was not very likely that the volume of British imports into Canada would have been as large as it then was, to say the least.
- (5) That the advantage given by Canada to the British manufacturer was proved beyond all question. If he had not fully availed himself of it, that was not the fault of the Canadian Government, or of Canadian fiscal policy.

It is instructive to notice that the official Canadian view was more than accepted in the United States. The *Campaign Text-book* of the Democratic

In conclusion, he appealed to the Colonies to consider the advantages which they gained as members of the British Empire :

“I want you to consider for a moment what is the present position of the smaller nations with whom in population you may more closely compare yourselves. What is the position of such nations as . . . Holland or the South American Republics? Why, gentlemen, they are absolutely independent nations, accordingly they have to bear burdens for their military or naval defences, or for both, as the case may be, to which yours bear no proportion whatever. . . . But the privileges which you enjoy involve corresponding obligations. The responsibilities must be reciprocal, and must be shared in common, and I do not think that any empire may be said to be on a sure foundation which is not based upon recognised community of sacrifices.” (R., p. 9.)

It was decided that naval defence should be the first subject of discussion, doubtless having regard to the extreme importance attached to that question by the British authorities. The only resolution before the Conference was that submitted by Mr. Seddon, proposing merely a strengthening of the

NAVAL
DEFENCE.

party, compiled for the presidential election (November 1904), dealt exhaustively with the question of the Canadian tariff, advocating reciprocity with the Dominion as the right policy for the United States. Figures were given showing that British imports into Canada decreased steadily from \$68,522,776 in 1873 to \$29,412,188 in 1897: whereas after the concession of 25 per cent. preference they at once began to rise steadily, reaching \$61,770,379 in 1904. “From a decrease of 60 per cent. from 1873 to 1897, the preferential tariff has aided British merchants and manufacturers to sell more than 100 per cent. more goods in Canada in 1904 than they sold in 1897. In the three years ending in 1903 the sum of \$8,464,596 in duties has been saved to British sellers by the operation of the preference. . . . Increases like this were made, of course, at the expense chiefly of the United States; especially since Canada has imposed a surtax of 33½ per cent. upon imports from Germany (1903), in retaliation for the refusal of Germany to continue the admission of Canadian products at ‘conventional’ rates of duty.” There followed a description of “the Chamberlain Program,” which was summed up as “a legitimate and business-like warfare.”

Australian auxiliary squadron, for which the Commonwealth and New Zealand were to pay a proportionately increased subsidy, on the old basis, involving no change of principle in any respect.

The views of the Admiralty upon the general question were set forth in a "Memorandum on Sea-Power," written to combat the idea that the naval defence of the Empire could be treated in any way as a merely local interest. Accordingly the term "defence," with its implied localism, was tabooed, on the ground that naval defence consists entirely in taking the offensive so as to destroy the enemy's ships wherever they may be. This function necessitated "a single navy under one control." The interest of the various Colonies in Imperial naval defence, as a whole, was demonstrated by a detailed reference to the value of their sea-borne trade, and the special ocean routes which it followed. The figures showed that the total trade of Britain and of the self-governing Colonies, with each other and with foreign countries, amounted to about twelve millions sterling. Of this total about three millions, or one-fourth, was accounted for by the trade of the self-governing Colonies with each other and with foreign countries; of which trade Britain paid most of the bill for naval defence, even over inter-Colonial trade routes. The total naval expenditure per head was given as follows: United Kingdom, 15s. 1d.; Australia, 10 $\frac{3}{4}$ d.; New Zealand, 6 $\frac{1}{2}$ d.; Canada, *nil*; Newfoundland, *nil*; Cape Colony, 1s. 1 $\frac{1}{4}$ d.; Natal, 4s. 5 $\frac{3}{4}$ d. The last item represented a subsidy paid unconditionally by Natal in lieu of the coal promised in 1897.

Selborne's
address.

To emphasise the official views Lord Selborne (First Lord of the Admiralty) addressed the Conference. He again laid stress upon the futility of

localising the naval problem, and the necessity of a single naval authority. He next criticised the existing Australian Agreement, admitting that its weakness lay in the nakedness of the cash nexus. For, it established only the relation "of the man who pays to the man who supplies"; and did not tend to give Australians and New Zealanders "the sense of personal interest, of personal possession," in the British navy. He wished to see in the navy more Colonial officers and seamen, in order "to increase the maritime spirit of the Empire," which he feared might be lost in the interior of the Canadian and Australian continents:

"But it cannot be done, I opine, so long as we are only receivers of money. I want to see from all parts of the Empire a personal contribution to the navy, so that it may not only be an abstract Admiralty to govern the navy, but an Admiralty that has won the confidence of the Colonies, because the Colonies understand its policy, and because in each Colony there are officers and men belonging to the navy—an integral portion of the navy." (R., p. 15.)

To effect the desired change he suggested that in reorganising the Australian squadron at least one, if not two, cruisers should be manned exclusively by Australians under the command of British officers, and that these ships should be interchanged occasionally with ships of other squadrons. Also, he desired to establish Colonial branches of the Royal Naval Reserve. But above all, any Australian squadron must not be confined, as hitherto, within prescribed waters, but must be free to seek the enemy in any part of the Eastern seas. He submitted that the principles of this Australian scheme held good for the development of naval strength in any of the self-governing Colonies.

The discussion which followed revealed differences of opinion, showing that it would be useless to frame a general resolution. Instead, the Colonial Premiers individually visited the Admiralty to explain their several views. In the result Lord Selborne was able to announce that he had received the following "offers of assistance towards the naval expenses of the Empire":

Colonial
contri-
butions.

Commonwealth of Australia, £200,000 per annum to an improved Australasian Squadron, and the establishment of a branch of the Royal Naval Reserve.

Cape Colony, £50,000 per annum to the general maintenance of the navy. No conditions.

Natal, £35,000 per annum to the general maintenance of the navy. No conditions.

New Zealand, £40,000 per annum to an improved Australasian Squadron, and the establishment of a branch of the Royal Naval Reserve.

Newfoundland, £3000 per annum (and £1800 as a special contribution to the fitting and preparation of a drill-ship) towards the maintenance of a branch of the Royal Naval Reserve of not less than 600 men.

Commenting upon these offers, he pointed out that Cape Colony and Natal had "made their offer unfettered by any conditions, a mark of confidence and of appreciation of the naval problem of which the Board of Admiralty are deeply sensible." Also, he drew attention to the terms of the Australasian Agreement.¹ As for Canada, Sir Wilfrid Laurier had

¹ The preamble to the new Agreement declared "the necessity of a single navy under one authority," which the advocates of an Australian navy afterwards seemed to suspect had been inserted at the instigation of the Admiralty in order to commit the Commonwealth once for all against their policy.

The main terms of the Agreement were as follows: The force, which was to be kept up-to-date in respect of ships by the British Government, would consist of 1 first-class cruiser, 2 second-class, 4 third-class, 4 sloops, and a

informed him that Dominion Governments were "contemplating the establishment of a local naval force in the waters of Canada, but that they were not able to make any offer of assistance analogous to those enumerated above."

The net result was not to reduce greatly the disproportion of the burden left upon the shoulders of the mother country, the amended figures being as follows: United Kingdom, 15s. 2d. per head; Cape Colony, 1s. 10¼d.; Natal, 10s. 9¼d.; Australia, 1s. 0¾d.; New Zealand, 1s. 0¼d.; Newfoundland, 3½d.; and Canada, *nil*.

By way, it seems, of apologising for the meagreness of the above results, Lord Selborne recapitulated the arguments with which he had endeavoured to

Naval Reserve of 25 officers and 700 seamen and stokers. Its base would be the ports of Australia and New Zealand, and its sphere of operations "the waters of the Australia, China, and East Indies Stations," as defined by schedule, "where the Admiralty believe they can most effectively act against hostile vessels which threaten the trade or interests of Australia and New Zealand." The force would be under the control and orders of the naval Commander-in-Chief on the Australian Station. Three of the ships were to be only partly manned, and to be used as drill-ships for training the Royal Naval Reserve. One of the drill-ships and one cruiser were in peace to be stationed normally in New Zealand waters. The three drill-ships and one other vessel were to be manned by Australians and New Zealanders "as far as procurable" and at special rates of pay. They would be officered by officers of the Royal Navy, supplemented by officers of the Royal Naval Reserve. "In order to ensure that the Naval Service shall include officers born in Australia and New Zealand," eight naval cadetships were to be filled through nomination in the Commonwealth and two in New Zealand. The Commonwealth was to pay five-twelfths and New Zealand one-twelfth of the total annual cost of the naval force, including 5 per cent. on the cost of the ships, up to limits of £200,000 and £40,000 respectively per annum. The Agreement to run for ten years, and to be terminable by either side on two years' notice at any time after the eighth year.

One effect of the Agreement was to unify the naval forces on the Australian Station by merging the Auxiliary Squadron, which had been created under the Agreement of 1887, in the Imperial Squadron.

When the eighth year was approaching it appeared to be the intention of the Commonwealth Government to give notice to terminate the Agreement, so as to divert the money to the local naval force which it had meanwhile been decided to create. But in connection with the expansion of this programme, as a result of the Defence Conference of 1909, it was decided to let the 1902 Agreement run its term of ten years undisturbed.

impress his Colonial visitors. He had urged again the unjust incidence of naval taxation as compared with the distribution of the commerce protected, and again had contrasted the expenditure upon naval defence borne by (*e.g.*) Holland and Japan with that of the self-governing Colonies. The great danger which he feared was "that Canada, South Africa, and Australia being in fact continents, should become too much continental and too little maritime in their aspirations and ideas." Hence his supreme object was to "cultivate the maritime spirit," from which the rest would follow.

MILITARY
DEPENDENCE—
an Im-
perial
Reserve
Force.

The question of Military Defence came up next for discussion. On this subject also there was a motion before the Conference in the name of Mr. Seddon; who already, in 1900, had persuaded the New Zealand Parliament to pass an Act providing for the establishment of an Imperial Reserve on the lines now indicated in the following resolution:

"That it is desirable to have an Imperial Reserve Force formed in each of His Majesty's Dominions over the seas, for service in case of emergency outside the Dominion or Colony in which such Reserve is formed. The limits within which such reserve force may be employed outside the Colony wherein it is raised to be defined by the Imperial and Colonial Governments at the time such reserve is formed, and to be in accordance with any law in force for the time being respecting the same. The cost of maintaining and equipping such Imperial Reserve Force to be defrayed in such proportion and manner as may be agreed upon between the Imperial and Colonial Governments." (R., p. 27.)

Brodrick's
address.

Following the example of the Admiralty, the Secretary of State for War (Mr. Brodrick¹) attended the Conference to explain the views of his department. While approving Mr. Seddon's motion, he

¹ Afterwards Viscount Midleton.

declared that the policy of the War Office was not a novelty due to the impetus of the war, but that "our whole progress in this country for the last twenty years has been to some such end as that which we are now asking you to put your seal upon." He described the steady revival of national interest in Imperial defence, and gave figures showing the strength of the regular forces, including "a home field army of 120,000 men," and "somewhere between 100,000 and 200,000 employed in various positions for the defence of London and for strategic positions which might be threatened in case of invasion," forces not too large "in view of the possibility of our at any time losing the command of the sea." Although Britain maintained a large force for service abroad, "circumstances may occur in which it is most desirable that we should have a call on further troops." For example, if the Japanese alliance involved us in a war with Russia, it would be a great advantage in point of time if we could count upon obtaining aid "from those Colonies which are nearest and most conveniently situated for supporting us in China." As to the nature of the Colonial contingent, size mattered far less than quality. The force must be capable of being pitted against European troops, which implied more thorough training than Colonial forces then were receiving. The necessity of this training had been illustrated by the Boers, who, not being an organised army, had failed to press home their initial advantages in the war, or to use their opportunities of breaking through our extended lines. As to the Colonial contingents sent to South Africa, equally with our own "hastily levied" reinforcements, "there was a considerable number of those troops which no general would have had a right to pit against European troops without further training." There-

Colonial
expedition-
ary forces
proposed.

fore it was desirable that, supposing in any future emergency the Colonies wished to support the mother country, "they should be in a position to do so with a body of troops, however moderate in number, which could be put in line with our own regular troops against a European power." Seeing how large the British contingent would be, even in a war of primarily Colonial interest, he urged this request "on the ground of reciprocity," not as "a donative on the part of the Colonies out of loyalty." To justify the contention that the Colonial forces at present were not fit to be "put in line with our own regular troops against a European power," he quoted the damaging reports lately presented to the Governments of Canada and Australia by their own officers. Also, he thought it "a little unfortunate" that Canada now should have adopted a different rifle, though carrying the British cartridge.

Out of the large Colonial aggregate of partially trained men he now suggested that about one in four should be specially trained, "with a liability to overseas service, that they should realise that they are a part of the Army Reserve of the Imperial Force, that their services are absolutely pledged in the event of the Government to which they belong proffering assistance to the Imperial Forces in the emergency." Until this principle was accepted it would be premature to discuss details, such as "whether there should be any attachment to regiments at home." As to the money question, the expense would not be formidable. At £9 per head a force of 20,000 men (taking the Colonies as a whole) would cost only £180,000 per annum, or one-fiftieth of the sum (£9,000,000) which the mother country had been forced, by the necessities of the Empire, to add to her peace estimates within two years. Yet the

British Government possibly might contribute to the cost of the Colonial reserves, as Mr. Seddon proposed, if they had a definite call on these troops. But if any Colony insisted upon keeping its right to proffer its contingent at any moment, the British Government could not be expected to help maintain troops which, after all, might not be available when wanted.

In conclusion, he declared that the enormous expenditure of the mother country was not due to militarism. Its object was to enable the Empire to strike quickly when required. "That is the object of the whole of our present organisation at the War Office, which has advanced most rapidly within the last two or three years."

The effect of Mr. Brodrick's proposals was at once to range the national against the colonial States. Nationalist objections. The account given in the Report hardly admits of abbreviation :

"The discussion revealed considerable difference of opinion amongst the members. While the representatives of Cape Colony and Natal were disposed to fall in with the policy suggested by Mr. Seddon and the Secretary of State for War—of having a special body of troops ear-marked for Imperial Service—the representatives of Canada and Australia were of opinion that the best course to pursue was to endeavour to raise the standard of training for the general body of their forces, to organise the departmental services and equipment required for the mobilisation of a field force, leaving it to the Colony, when the need arose, to determine how and to what extent it should render assistance. The Imperial sentiment in the Colonies was steadily growing, and their action in the late war left no room for doubt that such assistance would be given readily and effectively and to the utmost of their ability in any future emergency.

To establish a special force, set apart for general Imperial service, and practically under the absolute control of the Imperial Government, was objectionable in principle, as derogating from the powers of self-government enjoyed by them, and would be calculated to impede the general improvement in training and organisation of their defence forces, and, consequently, their ability to render effective help if it should be required. In the result it was decided that, if His Majesty's Government on consideration should think it desirable to take action on the suggestion of the Secretary of State for War in the case of those Colonies which were disposed to fall in with it, it would be best to do so through the usual channel of official correspondence." (R., pp. 31-2.)

Naval
and mili-
tary cadet-
ships.

The Conference also discussed the question of commissions in the army and navy, and unanimously passed a resolution in favour of greater facilities being afforded for young men in the Colonies to obtain them.

POLITICAL
RELA-
TIONS—
Quad-
rennial
Confer-
ences.

As regards political relations, there is no further mention of the suggestion of an Imperial council, or of parliamentary representation, after Mr. Chamberlain's introductory speech. The Conference contented itself with resolving that it was desirable that similar conferences should be held at intervals not exceeding four years. This was the first step towards regularising the Conference as an institution.

PREFER-
ENTIAL
TRADE.

As to Trade, there is no reference in the Report to any discussion of the Zollverein plan, *i.e.* Free Trade within the Empire. But it is stated that the discussion on the New Zealand resolution revealed a strong desire on the part of the Premiers to establish some form of closer commercial relations. When it became apparent that "no arrangement applicable to all could be devised," the Premiers individually interviewed Mr. Gerald Balfour, the President of the

Board of Trade. In the result it was "understood" that the Premiers were prepared to recommend to their respective Parliaments preferential treatment of British goods on the following lines :

"*Canada.*—The existing preference of $33\frac{1}{3}$ per cent., and an additional preference on lists of selected articles—

(a) By further reducing the duties in favour of the United Kingdom ;

(b) By raising the duties against foreign imports ;

(c) By imposing duties on certain foreign imports now on the free list.

"*Australia.*—Preferential treatment not yet defined as to nature or extent.

"*New Zealand.*—A general preference by 10 per cent. all round reduction of the present duty on British manufactured goods, or an equivalent in respect of lists of selected articles on the lines proposed by Canada.

"*The Cape Colony and Natal.*—A preference of 25 per cent. or its equivalent on dutiable goods other than specially rated articles to be given by increasing the duties on foreign imports."¹

But the principle of reciprocal preference was affirmed in the general resolution which embodied the fiscal recommendations of the Conference, and of which so much was afterwards to be heard. The fourth section of this resolution urged

Reciprocity urged.

"the expediency of granting in the United Kingdom preferential treatment to the products and manufactures of the Colonies, either by exemption from or reduction of duties now or hereafter imposed." (R., p. 36.)

Not content with the general resolution, the Canadian Ministers deemed it advisable to place on record in the form of a memorandum, which is included in the

¹ Newfoundland, intent at this time on American Reciprocity, had apparently no proposal to make.

Report, the attitude they had adopted on the occasion of this Conference :

“From the beginning of the proceedings the Canadian Ministers have claimed that in consideration of the substantial preference given by Canada for some years to the products of the Mother Country, Canadian food products should be exempted in the United Kingdom from the duties recently imposed.¹ Representations to this effect previously made through the High Commissioner for Canada were supplemented by the Ministers, both in writing and in personal interviews with the Imperial Ministers.” (R., p. 37.)

Mr. Chamberlain, on behalf of the British Government, had replied that the value of the concessions already granted by Canada was not sufficient to justify an important departure from the established fiscal policy of the United Kingdom; such a departure could only be considered, if at all, after Canada had offered some “material tariff concessions” beyond those already given by her. Anxious to meet, though they would not for a moment admit, the view taken by the British Government as to the value of the existing preference, they had thereupon stated that

“if they could be assured that the Imperial Government would accept the principle of preferential trade generally, and particularly grant to the food products of Canada in the United Kingdom exemption from duties now levied or hereafter imposed, they, the Canadian Ministers, would be prepared to go further into the subject, and endeavour to give to the British manufacturer some increased advantage over his foreign competitors in the markets of Canada.”² (R., p. 37.)

The
Canadian
offer.

¹ Particularly the duty of 1s. a quarter on imported wheat, &c., and the equivalent duty on flour, imposed as an expedient of war finance in 1902.

² Cf. the following: “My vindication of the preference policy was given not at Ottawa or on Canadian soil, but in the heart of the Empire at London, at the Colonial Conference, when I declared to the Empire that I and my

Meanwhile they had determined to present to the Conference a resolution on the lines of that which was eventually adopted, "in the strong hope and expectation" that not only would the principle of preferential trade be more widely accepted by the Colonies but that "the Mother Country would at an early date apply the same principle by exempting the products of the Colonies from Customs duties." The concluding sentence of the memorandum was significant indeed :

"If, after using every effort to bring about such a readjustment of the fiscal policy of the Empire, the Canadian Government should find that the principle of preferential trade is not acceptable to the Colonies generally, or the Mother Country, then Canada should be free to take such action as might be deemed necessary in the presence of such conditions."—London, August 11, 1902. (R., pp. 37-8.)

So, when the next Budget fell due, the British Government need only have maintained the existing duty on foreign corn and flour, remitting it on Colonial produce, in order to establish Imperial Reciprocity in connection with Canada and to obtain an increase of the British Preference there, which at 33 $\frac{1}{3}$ per cent. was afterwards declared by a Liberal Chancellor of the Exchequer to be of "enormous value" to the trade of the United Kingdom. Those Unionist Ministers who refused to maintain the shilling duty on such terms¹ thus became responsible for all the

Unionist
Govern-
ment
rejects
Canadian
offer.

colleagues of the Government were ready to make a trade treaty. We said, "We are ready to discuss with you articles on which we can give you a preference, and articles on which you can give us a preference. We are ready to make with you a treaty of trade." Mark those words coming from a Colony to the Mother Country without offence being given or taken."—Sir Wilfrid Laurier at Sorel, Sept. 28, 1904.

¹ Col. Denison records conversations in which Mr. Chamberlain explained to him the circumstances of the failure to reciprocate the Canadian preference by means of the corn duty:—

"The difficulty was that Sir Michael Hicks-Beach objected to it because he had imposed the duty avowedly as a means of raising revenue

subsequent developments both in Britain and in Canada. In retrospect it is easy to understand why the Canadian Ministers deemed it so important that their very definite and liberal offer should be placed on permanent record. It is said that after the failure of Mr. Balfour's Government to respond, in connection with the Budget of the following year, they might have withdrawn the preference altogether but for the launching of Mr. Chamberlain's campaign, which induced them to grant a respite. But after waiting four years their patience began to be exhausted, and in another three years they were plainly approaching decisive action on the warning which they had solemnly given in the passage above quoted.

Colonies in
no danger
of foreign
retaliation.

The remaining performance of this session is very briefly indicated in the Report. In regard to treaties, it was pointed out that Colonies giving preference to Britain could hardly run any risk of foreign retaliation, because their exports were mostly food and

for war purposes, that he had defended it and justified it as a necessity on account of the war expenses, that the war was only just being concluded, and the outlay for months to come could not be diminished. For that reason he was firmly opposed to reducing any portion of the duty for the time. This prevented Sir Wilfrid Laurier's offer being accepted, and postponed action indefinitely, as the Conference concluded its session about the same time. . . .

"Shortly after, Sir Michael Hicks-Beach resigned from the Cabinet and Mr. C. H. Ritchie (afterwards Lord Ritchie) was appointed Chancellor of the Exchequer. In the autumn it was considered advisable, so Mr. Chamberlain told me, that he should pay a visit to South Africa which would take him away for some months; and he went on to say: 'On my return from South Africa we called at Madeira, and I found there a telegram from Austen saying the corn tax was to be taken off. When I arrived in London the Budget was coming up very soon. I could not do anything for many reasons. I did not wish to precipitate a crisis, and I had to wait.' He was evidently annoyed at the matter, and explained it to me because he had held out hopes to me that if Sir Wilfrid Laurier would meet him with further preferences, he would give us the preference in wheat. This he had been unable to do."

Col. Denison did not succeed in eliciting the cause of Mr. Ritchie's action, but he himself suspected that the United States had frightened the Government with threats, especially as Mr. Ritchie's public utterances seemed to indicate it.—*The Struggle for Imperial Unity*, pp. 334, 356-7.

raw material indispensable to their foreign customers, while their purchases were mainly manufactured goods which they could penalise without doing themselves any harm. With reference to the other treaty question the British Government stated that it was already the custom to invite Colonies to be specially represented in negotiations affecting them; but the Conference deemed it advisable to pass a resolution confirming that principle. Sir Edmund Barton brought up the question of an Imperial Court of Appeal. On ascertaining, however, that there was a general acquiescence in the result of the special conference¹ which had been held in the preceding year (after the attempt to amend the Commonwealth Bill), he did not pursue the matter. As to mail services, resolutions were passed in favour of a trans-Canada service between Britain and Australasia of the kind projected in 1894: and of reviewing the services with a view to the insertion in future contracts of provisions to prevent excessive freight charges or preference to foreigners, and to making the steamers available in war as cruisers or transports. The subject of patents, on which a memorandum² had been sent in by the Comptroller, was found to be "of too technical a nature for effective discussion at the Conference." But a resolution was passed supporting the principle of mutual protection of patents throughout the Empire, and asking the Colonial Secretary to go further into the question by correspondence with the several Governments. Against a memorandum³ by Sir Sandford Fleming in behalf of a State-owned cable system, the attention of the Conference was called to the report of the recent Departmental Committee on the subject, which was in favour of private enterprise. But a resolution was passed urging the policy of

TREATIES.

IMPERIAL
COURT OF
APPEAL.MAIL
SERVICES.PATENT
LAWS.

CABLES.

¹ Cf. Ch. XIV.² R., p. 131.³ R., p. 146.

WIRELESS
TELE-
GRAPHY.

METRIC
SYSTEM,
CHEAP
POSTAGE,
NATURALI-
SATION.

RECIPRO-
CITY IN
PROFES-
SIONS.

reserving in future agreements the power to purchase the lines. In regard to wireless telegraphy, the Admiralty were looking forward to the adoption of some system of universal application, accompanied with some regulation to prevent "interference" in time of war. Meanwhile it was desired that the Colonies should not commit themselves to any particular scheme or system without consultation. At the instance of Canada resolutions were passed in favour of the metric system of weights and measures, and of cheap postage for newspapers and periodicals. No resolution was passed in regard to Naturalisation; but among the published papers is a report of a Departmental Committee on the subject, together with some correspondence between the Canadian and British Governments. Another paper also published with the Report described the action taken by the Administrations of the Transvaal and Orange River Colonies with respect to the admission of professional men from the self-governing Colonies, which was generally approved by the Conference. The New Zealand resolution was passed with a modification in favour of reciprocal treatment. Sir Wilfrid Laurier, however, dissented from this resolution. He explained his reasons in a formal statement which is of interest in view of the subsequent refusal of Canada to support the Australasian protest¹ against the introduction of Chinese labour on the Rand:—

Laurier
on auton-
omy.

"This is a Conference of the self-governing Colonies. Those Colonies which it is sought to affect by this motion are not represented at this Board. They are Crown Colonies now, and, for my part, I think it is questionable wisdom, however meritorious the end may be, to attempt to dictate or suggest what should be done in these countries, which are in an ex-

¹ Cf. *Colonial Nationalism*, pp. 129-30.

ceptional condition. I think it would be far better to confine ourselves to the Colonies we represent on this Board in their relations with the Mother Country. It might serve a good purpose if there were reciprocity, but we know the conditions in my own country. We have not yet been able to reconcile our own differences from province to province so as to get an uniform system. Under these circumstances, how can we expect that conditions which prevail in one country or another can be accepted elsewhere? For my part I am very strongly of opinion that we should leave this question entirely to the responsibility of the Government concerned, both of the Transvaal and the Orange River Colony." (R., p. 41.)

Rather inconsistently, considering their almost punctilious regard for the principle of national autonomy, the Canadian Ministers desired to bring before the Conference the question of law under which live cattle imported into the United Kingdom were required to be slaughtered at the port of landing. "It was considered, however, that the matter was not of sufficient general interest to be dealt with by the Conference"; and arrangements were made for its discussion privately with the President of the Board of Agriculture. Likewise Sir Edmund Barton and Mr. Seddon had informal discussions at the Colonial Office about the Pacific Islands. The question of uniformity of merchant shipping laws throughout the Empire was not taken up, owing to the absence of the Premier of Cape Colony, who had suggested it. Nor was the question of the British stamp charges on Colonial bonds, though a memorandum explaining the existing position was prepared and is published in the Report. Sir Edmund Barton, who had raised the question, stated that his main object had been to indicate a possible manner in which the United Kingdom might reciprocate Colonial preference. Ad-

CATTLE
EMBARGO.

PACIFIC
ISLANDS.

MERCHANT
SHIPPING.

BRITISH
STAMP
DUTIES.

QUEEN
VICTORIA
MEMORIAL.

vantage was taken of the opportunity to receive offers of grants from the self-governing Colonies towards the cost of the Queen Victoria Memorial. Canada offered £30,000; New Zealand, £15,000; Cape Colony, £20,000; Natal, £10,000; Newfoundland, £2000, and subsequently Australia £25,000.

SHIPPING
SUBSIDIES
AND
COASTING
TRADE.

The general resolution on Preferential Trade was wider in its scope than that submitted in advance by New Zealand, which had proposed to confine preference to goods carried in British ships. This aspect of the question was discussed in connection with the other New Zealand resolutions in regard to shipping subsidies and coasting trade. The Conference considered the subject "fully," with special reference to British treaties of Commerce and Navigation, information¹ thereon being furnished by the Board of Trade. In the result "it appeared that the matter was one for further inquiry and consideration rather than immediate action." A resolution was passed, however, calling the attention of the Governments to the question and intimating that a retaliatory policy might be desirable. Another unanimous resolution urged the principle of giving preference in Government contracts to the products of the Empire, especially in the case of military supplies.

Trade
Reciprocity alone
appropriate to
varying
conditions
throughout
the Em-
pire.

If the most striking feature of the session of 1902 was the marked division it evoked between the colonial and national standpoints, that division does not appear in the treatment of fiscal and trade questions. There, in contrast to the subjects of Defence and Political Relations, the conditions of the colony sufficiently resemble those of the nation to enable the adoption of an identical policy. Both colony and nation are primarily interested in pro-

¹ Not published.

duction and trade, as the means of affording a livelihood to their people. Both maintain normally a wide range of import duties; the nation mainly with a view to fostering a diversity of industries; the Colony, having a less ambitious idea of national life, with a view mainly to revenue for the State. In this respect there is no essential difference between a self-governing Colony, such as Newfoundland, and a Crown Colony with an elective element in the Government, such as Jamaica or any of the West Indies. India, were her Government allowed the same fiscal liberty as is enjoyed by a self-governing Dominion or even by the West Indian Colonies, would probably adopt an equally wide range of import duties. Thus it appears that the fiscal systems, or at least the fiscal instincts, of all the countries of the Empire with the solitary exception of Britain, irrespective of their varying stages or forms of political development, are suitable to Imperial Reciprocity, which is the essence of organic Imperial unity. On the other hand, scientifically posterior developments of union, such as a dovetailed system of defence or any form of political federation, are precluded for the present by the diversity of political conditions, particularly the impulses of an immature but healthy nationalism in the larger Dominions.

The renewal of the Australasian Naval Agreement was the largest concrete achievement of the session of 1902. Yet it left both parties in a dissatisfied and anxious frame of mind. The Admiralty had succeeded in extracting only half the subsidy which they had thought the Commonwealth might reasonably contribute; and the establishment of preferential rates of pay for Australasian alongside British seamen was not a plan likely to work smoothly. Sir Edmund Barton, on his side, must have returned to Aus-

Australian
naval
agreement
disappoint-
ing to
both
parties.

tralia with an uncomfortable feeling that the whole principle of the Agreement was antagonistic to the instinct of Australian nationalism which his own eloquence had helped to foster in the federal campaign. No other Premier at the Conference found himself in so difficult a position. The standpoint and policy of Australian nationalism were still unintelligible to the Admiralty, who appear to have regarded it asarrant "disloyalty." For any Australian to explain and defend that standpoint in the London of May 1902 would have been difficult indeed. Sir Edmund Barton could not, like Sir Wilfrid Laurier, plead the susceptibilities of a non-British racial element in excuse for his disappointing reluctance to fall in with the official schemes. Constrained by atmospheric pressure to yield, the Australian Premier could only try to yield as little as the situation would permit and make the best of it to his Parliament and people, who were intent on founding an Australian navy instead of continuing to subsidise the British navy. Had he felt free to follow his own inclination, he would probably have aligned himself with the Canadian Premier; and the result of the Conference would have been even more disappointing than it actually was to the British Imperialists.

The
climax.

To no one could the lesson of 1902-3 have been more decisive than to Mr. Chamberlain. He had worked for his long-cherished ideal through six strenuous years of office. He had found the way blocked by Free Trade in 1897; and now—after events had excited the Imperialist spirit throughout the Empire to a pitch never attained before or likely to be reached again, and after a definite offer of reciprocity had been received from Canada—a Conservative Prime Minister had deliberately revived the veto of the fetish, denying to the Empire the essential

means of organic unity, and thereby condemning it to certain if slow disintegration. The silent crisis soon reached its climax. In May 1903, shortly after the disgraceful Budget, was launched the campaign for Imperial Preference.

APPENDICES

APPENDIX A

*Sir Charles Tupper on the Negotiations with Spain, in the
Canadian House of Commons, May 12, 1887.*

I MAY say, sir, in that relation, that in 1879 Sir Alexander Galt, before his appointment as High Commissioner for Canada in London, was charged with the duty of endeavouring to negotiate with Spain a treaty of advanced commercial trade relations with Cuba and Porto Rico. That treaty, hon. gentlemen know, Sir Alexander Galt was not able to carry to completion, and when I had the honour of succeeding him in the office of High Commissioner he left for my information and perusal a document in which he said that he found himself greatly hampered in discharging the duties imposed upon him by the Government of Canada, because he only stood in the position of a commercial commissioner, and it was necessary that all his negotiations with the Government of Spain should be filtered through Her Majesty's Minister at the Court of Madrid. At a subsequent period I was instructed by the Government of Canada, when Sir Leonard Tilley was Finance Minister, to take up that question and endeavour to arrange for improved commercial relations. It became more imperatively necessary for Canada than ever, because the United States Government had succeeded in arranging a *modus vivendi* with Spain, which placed all their exports, their ships, and everything they had to send to Cuba and Porto Rico, upon infinitely more advantageous terms than the products of Canada. I addressed myself to the discussion of this question with Her Majesty's Government—and I may say that the Colonial Office at once put me in personal communication with the Foreign Office, and I was instructed

to take the subject up with them; and the result was that after a full discussion of the whole question the Foreign Office communicated to the Colonial Office not only that they had decided to allow Canada to negotiate such treaty with foreign countries as her own interest required, in conjunction with their own Minister, but they had decided that the representative of Canada must be clothed with plenipotentiary powers, and be placed upon an equal footing. Although I have not been able to bring down the correspondence moved for by the senior member for Halifax (Mr. Jones) for the reasons stated, that this matter not being terminated, the correspondence cannot, with advantage to the public, be laid upon the table until a conclusion is arrived at, I will however read to this House an extract from a letter sent by the Foreign Office to the Colonial Office, dated 26th July 1884, and forwarded to me for the information of the Canadian Government:—

“If the Spanish Government are favourably disposed a full power for these negotiations will be given to Sir Robert Morrier”—

who was then Ambassador of Her Majesty's Government at Madrid—

“and Sir Charles Tupper jointly. The actual negotiations would probably be conducted by Sir Charles Tupper; but the convention, if concluded, must be signed by both plenipotentiaries, and be entered into between Her Majesty and the King of Spain, with the special object of regulating Canadian trade with the Spanish territories specified in the convention.”

I am quite certain that the House will appreciate the great importance of that arrangement, and they will feel that the discussions that have taken place in the House have no doubt done good in relation to that question. They will feel that another step has been gained by the concession from Her Majesty's Government in this matter of trade negotiations, and that Canada is to have the freest and fullest scope. But more than that, while they are prepared to give plenipotentiary powers to the representative of

Canada, whoever he may be, as selected by the Government to negotiate those treaties, we are to have this vantage ground—and I draw the attention of the House to it as a very important one—we are to have all the aid and sympathy and support of Her Majesty's Government, through Her Majesty's Minister, at whatever place these negotiations may be carried on. Now, I may say that subsequently the Government of Spain intimated that they would like us not to proceed with these negotiations at present until an elaborate treaty which was arranged between Spain and the United States had been passed upon by the American Senate. We were anxious to comply with the recommendation, and for this reason: if our proposition to Spain were accepted it would be found to be utterly worthless if the advanced and extended treaty between the United States and Cuba and Porto Rico had been carried into effect. Hon. gentlemen are aware that the Senate of the United States rejected that treaty, and I may say that subsequently Her Majesty's Government were enabled to negotiate a treaty with Spain as between England and Spain herself, the Colonies not being included. I at once drew the attention of the Colonial and Foreign Offices to the great injury that would result from Canada not being included in the treaty. I took up the question with Her Majesty's Government. I pointed out what were our requirements. I communicated with Sir Clare Ford, and pointed out what Canada required, not only that she should be placed under the most-favoured-nation clause in Cuba and Porto Rico, which Germany and France enjoyed, but that she should obtain the advantage which the United States had obtained by the abolition of the 10 per cent. specific duty. Sir Clare Ford entered most heartily into that question, and I am glad to be able to say that without the concession of anything—and I point this out to hon. gentlemen who have discussed this subject a good deal, for it is a most important feature that a dependency of the Crown, a portion of the British Empire, without any concession on our part, and we were prepared to make considerable concessions—we obtained from the treaty negotiated by Her Majesty's Government and from con-

cessions given by Her Majesty's Government in relation to wine duties there, and which do not affect us in the slightest, a proof of their anxiety to do justice to Canada—we obtained everything the United States enjoyed under the *modus vivendi* which had been negotiated between Spain and the Government of the United States. I point that out as evidence of the advantages we enjoyed, not only that great liberty was conceded to us, but that every advantage was given to us, and our interests were promoted by Her Majesty's Government in treaties sought to be arranged between Great Britain and foreign countries. Since that period I am glad to be able to inform the House that the Government of Spain approached myself through Her Majesty's Minister at London, and approached Sir Clare Ford through the Minister of Foreign Affairs in Madrid, stating that they were now ready to take up the question of an enlarged arrangement between Canada and Spain as touching the trade between Canada and Cuba and Porto Rico. So important do I consider this question that I proposed to the right hon. gentleman (Sir John A. Macdonald) to allow me to return to Canada and discuss with him, before going to Madrid, the whole question of this proposed arrangement, from which I believe the trade of this country may receive a great and valuable impulse in connection with those important Spanish Islands. As the House is aware, I received permission from the right hon. gentleman to return here, but it appears he had other duties for me to perform before I should turn my face towards Madrid. However, I do hope that, when Parliament rises at a very early day, the right hon. gentleman will allow me to return to London and proceed at an early day to Madrid, where I believe there is an opportunity of advancing the interests of Canada in a very marked and important degree.

APPENDIX B

*Colonial Office (Mr. Chamberlain) to the Eastern Extension
and Eastern Telegraph Companies.*

DOWNING STREET, July 10, 1899.

2. . . . You maintain that the grounds upon which the proposals . . . are based appear to be a departure from the principles hitherto acted upon by Her Majesty's Government, and that the reasons by which that departure has been sought to be justified are wholly inadequate," and further, that "Her Majesty's Postal and Telegraph Department has hitherto acted upon the principle of alliance and not interference with private enterprise."

3. Mr. Chamberlain is unable to accept this statement as a complete or accurate record of the practice of Her Majesty's Government, or of the principles which have guided and ought to guide them in dealing with such matters. He cannot admit that there is any rule or formula of universal and permanent application such as you suppose, limiting the functions of the State in regard to services of public utility.

4. With the progressive development of society, the tendency is to enlarge the functions and widen the sphere of action of the central Government, as well as of the local authorities, and to claim for them the more or less exclusive use of powers and the performance of services, where the desired end is difficult to attain through private enterprise, or where the result of entrusting such powers or services to private enterprise would be detrimental to the public interest, through their being in that event necessarily conducted primarily for the benefit of the undertakers rather than of the public. This tendency is specially manifested in cases where, from the magnitude or other conditions of the enterprise, the public is deprived of the important safeguard of unrestricted competition, and in many cases, as your Lordship is aware, where it has been considered inexpedient

or impracticable for the State to foster or itself enter upon competition, the Legislature has deemed it necessary to step in and impose conditions and restrictions for the protection of the public interests.

5. It is only by public expediency and advantage that the question whether a service should or should not be undertaken or assisted by the State can be finally decided, and any rules or formulæ which may be adopted at one time as a general expression of opinion as to the limits within which the action of the State should be confined may be wholly insufficient and inapplicable at another.

6. That the action of the Postal Department, to which you specially refer, has been limited by any such rule as you allege appears to be a complete misapprehension; for many years in the matters of life insurance and annuities, banking, carriage and distribution of parcels, &c., the Postal Department has been in active competition with private enterprise. In the case of inland telegraphs and of cable communication with the Continent of Europe, it has entirely superseded the private companies. Closely analogous to the action of the State in the cases referred to is the action taken by municipal authorities with the authority of the Legislature in competing or superseding private companies for the supply of electric light, gas, water, tramways, and other public services.

7. These instances may be sufficient to show that there is no such general or final rule as you suppose. . . .

11. . . . It is the duty of Her Majesty's Government to respect Colonial feeling, the more so as it is the first time in the history of the Empire that the great Colonial groups have approached Her Majesty's Government with a view to a joint undertaking for the furtherance of commercial, political, and social relations. . . .

18. In regard to the concluding portion of your letter, in which you appear to urge that the decision of Her Majesty's Government to support the Pacific cable scheme will give rise to a claim for compensation on the part of the company which you represent, Mr. Chamberlain is unable to see on what grounds such a claim can be based. He has already shown that where the performance of a

public service is in question, there is no such general principle of non-competition by the State with private enterprise as you allege, and in the present instance the primary object is not competition, but the establishment of a new service required in the public interest, traversing a route which is practically not served at present.

19. That the service rendered by the Eastern and Eastern Extension Companies has been generally efficient Mr. Chamberlain gladly acknowledges, and would regret if the accomplishment of the Pacific cable scheme were to lead to any diminution of that efficiency, but the fact that the service has been efficiently performed hitherto cannot justify a claim for compensation from Her Majesty's Government in the event of their establishing an alternative service which may have the incidental effect of reducing to some extent the profits derived from that part of the existing service of the companies which may be said to have been constructed expressly for Australasian traffic. No guarantee, either express or implied, has been given to the companies by Her Majesty's Government, either in respect of the amount of traffic or the amount of profit on that traffic, nor any guarantee against competition, and, though it will be the duty of Her Majesty's Government, in so far as they may be responsible for the working of the Pacific cable, to avoid unnecessary injury to the interests of the shareholders in the Eastern Company, their primary duty must be to the interests of the public.

20. As already pointed out, there will be a large development of the traffic between Canada and the United States and Australasia and the East, which will naturally fall to the Pacific cable, and, apart from the natural increase in the traffic between the United Kingdom and Australasia, a reasonable lowering of rates will certainly lead to an increased volume of business, and it is from these sources rather than by any diversion of business from the Eastern Extension Company that the new cable will look for employment. There is no intention of working the new cable on other than commercial lines and at remunerative rates.

21. The service which Her Majesty's Government and

the Colonies desire is one which neither the Eastern Telegraph Company nor any other private enterprise is prepared to undertake on terms which can be considered in comparison with the terms upon which it can be provided by the associated Governments. It is a public service as much as the carriage of parcels, the provision of life insurance, the building of light railways or of ships of war, and Her Majesty's Government cannot find any reason why in the one case a private enterprise with which the Government work may compete should be considered entitled to compensation and not in the others.

22. I am to remind you, moreover, that by the time the existing subsidies to the Eastern Extension Company expire it will have received in direct payments from the Governments of Australasia a sum of nearly one million sterling, which must be sufficient to have covered a large part of the capital outlay incurred in opening communication with that country, so that it can have little cause for complaint if it is now exposed to competition.

23. If the competition arose from another private company, there would obviously be no claim for compensation, and Mr. Chamberlain is unable to see why, so long as the project is conducted on commercial principles, fair competition by the State should give rise to a claim for compensation, which would not be suggested for a moment if the competitor were a private person or company, however wealthy or influential.

24. The competition in so far as it may arise will, your Lordship admits, be confined to a very limited part of the vast area served by the lines of the Eastern and Eastern Extension Companies, and it has already been pointed out that the Pacific project will derive a considerable part of its traffic from sources at present undeveloped, and Mr. Chamberlain is satisfied that, with that new business and the large increase due to the reduction of rates, there will be ample and remunerative work for both routes, and that, while the public will undoubtedly receive a substantial benefit from the improvement and cheapening of communication, the companies will be relieved to a considerable extent from the heavy drafts which they now consider

it prudent to make upon their revenue for the purpose of adding to the capital value of their enterprise.—I am, &c..

(*Under-Secretary*) SELBORNE.

(Cd. 46 of 1900, pp. 26–29.)

Colonial Office (Mr. Chamberlain) to the Eastern and Eastern Extension Telegraph Company.

DOWNING STREET, August 15, 1899.

3. As regards the offer now made on behalf of the companies to construct a cable to connect the Cape with Australia, and at the same time to reduce the tariff to 4s. a word, you do not say whether any terms and conditions are attached to this offer, and Mr. Chamberlain will be glad to have full particulars, which he will be happy to communicate to the Colonies concerned. He is unable at this stage to say what view the Colonies may take of it. He observes that the Companies are now prepared to do for nothing what two years ago they asked a subsidy of £32,400 a year for from the Colonies, in addition to £5000 a year from Her Majesty's Government (£25,000 having been asked for as a subsidy towards an all-British cable from the Cape and Australia, as compared with the subsequent offer to accept £20,000 for the line to the Cape only), and are further prepared to give at once a substantial reduction of rates.

4. It may fairly be inferred, therefore, that the business of the companies is such as to enable them to utilise an additional cable, and to this extent, therefore, it justifies the hope that the anticipated increase of business, coupled with the development of practically new business between America and Australia, will give sufficient employment to the Pacific cable without trenching on the traffic *now* carried on by the companies, and shows that the claim of the Colonies for a reduction of rates was fully warranted.

5. In regard to the claim in paragraph 16 of your letter that the companies should have the right to collect and deliver their international messages in Australasia in the same manner as prevails in this country, I am to observe that

the Australasian Colonies are parties to the International Telegraph Convention, and are therefore bound to send any telegrams marked to go by the companies' route by that route. Whether they will go further and allow the establishment of special collecting agencies for the companies within their own limits is a matter in which, of course, the decision must rest with them, and it is not possible for Mr. Chamberlain to give any undertaking on their behalf.

7. The propriety of a sufficient reserve fund was certainly not called in question; it was only pointed out that the opening of an alternative route would to some extent relieve the companies of the necessity of making as large drafts on revenue as at present for purposes of capital expenditure or reserve.

8. . . . In the twenty-six years of its existence the Eastern Extension Company has, besides accumulating reserves amounting to more than a million sterling, expended out of revenue on new cables and extensions sums which, in 1894, had amounted (page 138, Cd. 7553) to £1,100,685, and probably now amount to at least a million and a half.¹

9. Its paid-up capital is two and a half millions, of which £470,000 is due to "watering," and on this watered capital it has for many years paid a dividend of 7 per cent., which, but for the "watering" referred to, would have been approximately 9 per cent., and, while so doing, and maintaining its lines in a high state of efficiency, has created out of revenue new works or extensions and reserves at least equal to the amount of its paid-up capital. Mr. Chamberlain presumes that the affairs of the Eastern Company have been managed with equal prudence, and that, like the younger company, it has by this time at least doubled out of revenue the capital value of its estate.

10. . . . As regards any claim for compensation. . . . No guarantee against competition in the Australian traffic by the State or otherwise has ever been given to the Eastern or any other telegraph company, and it would be practically impossible now to lay any new cable, however urgently it might be needed on strategic as well as commercial grounds, without in some degree affecting the re-

¹ For subsequent expenditure of this kind, cf. App. C.

ceipts from existing cables. The same might be said of most railway or steamship lines which Parliament has aided by the grant of special powers, mail subsidies, and in other ways, but in all these cases Parliament has, rightly, held that the public interest must be the first consideration, and that no compensation should be given in cases where competitive undertakings were authorised, except when such competition involved a breach of public faith.—I am, &c.,

(*Under-Secretary*) SELBORNE.

(Cd. 46 of 1900, pp. 35–36.)

APPENDIX C

ASSOCIATED CABLE COMPANIES

Statement showing Capital, Dividends, Reserve Funds, and Expenditure on New Cables, compiled from Companies' Reports.

Also, Statement showing Total Payments by British Empire to Telegraph Companies, up to the year 1900.

EASTERN TELEGRAPH CO., LTD.

Year to Mar. 31.	Total Capital Share and Debenture.	5 Per Cent. Dividend and Bonus.	Amount added to General Reserve.	Expendi- ture on Cables over New Routes from General Reserve.	Expendi- ture on Cables over New Routes from Capital.	Total of General and Subsidiary Reserves.
	£	Per Cent.	£	£	£	£
1901	7,315,456	7	486,625	500,000	Nil.	1,298,455
1902	7,490,210	7	404,458	325,000	Nil.	1,398,107
1903	7,794,020	7	367,037	200,000	Nil.	1,577,918
1904	7,841,448	7	293,042	200,000	Nil.	1,523,279
1905	7,895,706	7	324,179	308,391	Nil.	1,542,309
1906	7,896,706	7	291,091	255,000	Nil.	1,591,912
Year to Dec. 31.						
1906*	7,896,706	5½	172,175	75,619	Nil.	1,697,384
1907	7,896,706	7	190,069	115	Nil.	1,779,969
1908	7,896,706	7	170,338	Nil.	Nil.	1,864,637
1909	7,896,706	7	240,919	Nil.	Nil.	2,054,308
1910†	7,896,706	2½	175,019	Nil.	Nil.	2,181,937

* Nine months.

† Six months.

‡ On account of England-Mauritius section of England-Cape-Australia cable.

§ Porthcurno-Fayal cable.

EASTERN EXTENSION AUSTRALASIA AND CHINA
TELEGRAPH Co., LTD.

Year to Dec. 31.	Total Capital Share and Debenture.	5 Per Cent. Dividend and Bonus.	Amount added to General Reserve.	Expenditure on Cables over New Routes from General Reserve.	Expenditure on Cables over New Routes from Capital.	Total of General and Subsidiary Reserve.
	£	Per Cent.	£	£	£	£
1900	3,196,100	7	419,191	125,137	Nil.	1,618,028
1901	3,320,000	7	219,251	477,305	500,000†	1,371,698
1902	3,535,746	7	67,652	135,242	Nil.	1,254,064
1903	3,602,400	7	13,731	5,660	Nil.	1,218,809
1904	3,602,400	7	127,670	343	Nil.	1,354,414
1905	3,752,400	7	153,340	Nil.	Nil.	1,522,545
1906	3,752,400	7	75,184	Nil.	Nil.	1,567,411
1907	3,752,400	7	50,241	Nil.	Nil.	1,468,533
1908	3,752,400	7	50,346	87,654‡	Nil.	1,433,350
1909	3,752,400	7	50,000	Nil.	Nil.	1,423,695
1910*	3,752,400	2½	50,008	Nil.	Nil.	1,442,314

* Six months.

† On account of Mauritius-Adelaide section of England-Cape-Australia cable.

‡ Java-Cocos cable.

Total sums paid by the Imperial, Indian, and Colonial Governments to Telegraph Companies to December 31, 1900.

SUMMARY.

Associated Companies (= "The Trust")	£2,398,069
Halifax and Bermuda Cable Co.	83,025
Direct West India Cable Co.	27,830
West India and Panama Cable Co.	404,000
Total	£2,912,924

For details, see App. H to Report of the Inter-departmental Committee on Cable Communications, Cd. 1056, of 1902.

APPENDIX D

EMPIRE CABLES—ALL-RED ROUTE

(Extracts from an Address to his Excellency Earl Grey, and accompanying papers, published by the Ottawa Board of Trade, June 1907.)

“ It is proposed to establish a system of Empire-girdling, State-owned cable-telegraphs in an unbroken chain around the globe. These cables are designed to connect, telegraphically, in the most complete manner, the several groups of self-governing British communities in Europe, America, Australasia, Asia, and Africa: It is held that the Empire cables should be State-owned for the following and other reasons, viz.:

“ 1. In order that they may be wholly removed from the control of companies, whose chief object is to make profits by maintaining as high rates as possible on messages.

“ 2. In order that the cost of telegraphing throughout the Empire may be reduced to a minimum.

“ 3. In order that the British people, geographically separated by the oceans, may be brought within touch by a means of intercourse as free and unrestricted as possible.

“ 4. In order that the Governments of all the self-governing British peoples within the Empire may be enabled to confer with each other at all times, with the greatest facility, on matters of mutual concern.

“ 5. In order that no portion of these great lines of communication may come under foreign influence, or be used to the detriment of British interests.

“ The Empire cables are, for greater security and effectiveness, designed to be laid in deep water, and to touch or traverse only British territory.

“ This new Imperial service, forming an unbroken chain around the globe, under one control, would provide a double means of telegraphing, that is to say, easterly as

well as westerly, between any one British state and any other British state. By the removal of every restriction possible, it would stimulate commercial, social, and political intercourse between the several parts, and tend in every way to strengthen the Empire.

“ This electric bond of Empire may be described as consisting of four divisions, viz. :

“ 1. From the United Kingdom to the Pacific, embracing a cable across the Atlantic and land lines through Canada.

“ 2. A cable across the Pacific from Canada to New Zealand and Australia, with land lines through Australia to the Indian Ocean.

“ 3. A cable from Australia across the Indian Ocean to South Africa, with a branch from Cocos Island to India.

“ 4. A cable from Cape Town to the United Kingdom, *viâ* Ascension, the West Indies, and Bermuda, with a branch to Canada.

“ The proposal to establish the first of these four divisions has for some time been before the Canadian public, and we feel warranted in saying that it is regarded with much favour. The Canadian Press Association has, with the greatest unanimity, passed resolutions in its support, and it cannot be doubted that in the event of the Canadian Government proceeding to nationalise the telegraph service between London and Vancouver, it would be accepted with general satisfaction throughout the Dominion.

“ The second division is an established fact, having been successfully carried out under a partnership arrangement between six British Governments, viz. : the Home Government, the Canadian Government, the Governments of New Zealand, New South Wales, Victoria, and Queensland.

“ There remain divisions three and four to complete the whole series of Empire cables. The principle of State ownership and State partnership having been adopted in respect to the Pacific, the extension of the principle to the second half of the globe-girdling system would seem to follow naturally.

“ As the second division has been established at the

expense of the six Governments mentioned, we have the means of ascertaining, with a near approach to accuracy, the cost of the three remaining divisions. Based on this data, a liberal estimate goes to show that an additional sum of £5,000,000 would establish and completely equip the whole circle of Empire cables." (Pp. 7-9.)

THE EMPIRE TARIFF.

"We may rest satisfied that eventually the day must come when, precisely as we now have Imperial Penny Postage, we will have one uniform telegraph rate for all distances within the circle of the Empire cables. Meanwhile, until the general plan suggested takes shape, and the volume of traffic be more fully developed, if it be thought advisable to introduce the change step by step, that course can be followed.

The circle of contemplated Empire cables traverses four oceans, and may (merely for tariff purposes) be divided into four sections as follows:—

1. The North Atlantic Section—connecting the United Kingdom and Canada.

2. The Pacific Section—connecting Canada with New Zealand and Australia.

3. The Indian Ocean Section—connecting Australia and South Africa.

4. The South Atlantic Section—connecting South Africa with the United Kingdom.

It has already been pointed out that the tariff of charges in the North Atlantic section may easily be reduced to a uniform rate of a penny a letter—that is, a charge of sixpence per average word of six letters on all ordinary messages transmitted between any telegraph station in the United Kingdom and any telegraph station in Canada. By ordinary messages is meant messages made up of ordinary words used in their ordinary sense. A practice has grown up of sending code messages, that is, messages in words which are not English or French, or are not employed in their ordinary sense, and are intelligible only to the sender and receiver. The transmission of such

messages is attended with practical difficulty, and delay often results. It is proper, therefore, that the rate for code messages should be higher than for ordinary messages.

Messages transmitted within the second, the third, and the fourth sections would be subject to the same rules and the same tariff as described for the North Atlantic section. For example, ordinary messages passing between New Zealand or Australia and Canada on the one side, and between New Zealand or Australia and South Africa on the other side, would be charged at the rate of a penny a letter. In the case of messages transmitted through two sections, that is, under two oceans, the rates would be doubled. Take for example messages transmitted from Australia or New Zealand to England, whether they go by way of Canada, or by way of South Africa, the charge would be twopence per letter, or one shilling per word of six letters. As under ordinary circumstances messages would never require to be transmitted across more than two oceans, the rate of twopence per letter would be the maximum charge for transmitting ordinary messages from any one point to any other point in the circle of Empire cables.

Press messages are generally transmitted at considerably lower rates than ordinary messages. In the United Kingdom, in India, in Natal and other British possessions, the rate for press messages is about one-fourth the charge for ordinary messages. The present charge for press messages between Australia or New Zealand and England is one shilling¹ per word, being one-third the rate for ordinary messages, which is three shillings per word.

Charges for telegraphy have hitherto been reckoned on the number of words transmitted, but there are objections to that practice, as words in common use vary in length. One word will have two letters, another ten or more letters. There are excellent reasons, especially in long-distance telegraphy, why charges should be reckoned by letters rather than by words. The number of letters in messages however long, can easily and accurately be ascertained by a simple mechanical method. As to the cost of transmission, let us take an instance at random. Let us take,

¹ Subsequently reduced to 9d.

say, the last sentence in the immediately preceding paragraph beginning, "The present charge, etc." That sentence contains 157 letters, and is divided into 32 words. If sent from Australia to England as an ordinary message, the charges would be :

1. Under the suggested Empire Cable tariff—
157 letters at 2d. per letter . . . 26s. 2d. (\$6.28.)
2. Under present tariff—
32 words at 3s. per word . . . 96s. 0d. (\$24.00.)

For the same sentence, if transmitted as a press message, the charges would be :

1. Under the Empire Cable tariff—
157 letters at $\frac{3}{4}$ d. per letter . . . 8s. 9d. (\$2.19.)
2. Under present tariff—
32 words at 1s. 32s. 0d. (\$8.00.)

The same words, telegraphed between Canada and Australia or New Zealand as an ordinary message, would be charged :

1. Under the Empire tariff—
157 letters at 1d. 13s. 1d. (\$3.14.)
2. Under the present tariff—
32 words at 2s. 4d. 74s. 8d. (\$18.67.)

The same sentence, transmitted between Australia or New Zealand and Canada as a press message, would be charged :

1. Under the Empire Cable tariff—
157 letters at $\frac{1}{3}$ d. 4s. 4 $\frac{1}{2}$ d. (\$1.09.)
2. Under present tariff—
32 words at 9d. 24s. 0d. (\$6.00.)

Without departing from the policy of maintaining transmission charges by the Empire cables, sufficiently high to cover all working expenses, we have in these calculations a distinct indication of the very marked cheapening in over-sea telegraphy which is quite possible in the near future.

At the present day the cost of cabling is much too great for the majority of people, It is practically pro-

hibitive to emigrants, as well as to many others; and those who are forced to use the wire in extreme cases, resort to it as seldom as possible. Owing to geographical circumstances, cheap over-sea telegraphy equally with cheap land telegraphy, concerns the British in various parts of the world, more than any other people, and they cannot have cheap telegraphy too soon. A stage has been reached in the history of the world, when their wishes and their wants, their aims and their aspirations, seek the freest and speediest means of expression. (Pp. 24-26.)

S. F.

APPENDIX E

REDUCTION IN CABLE RATES SINCE 1890

	Canada (East).	Australia (N.S.W.).	S. Africa (C.C.).	India.	Jamaica.	British Guiana.
	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>
1890	1 0	9 6	8 11	4 0	5 10	14 1
1891	...	4 2	...	...	...	14 2
1892
1893	...	4 11	...	...	...	...
1894
1895	5 2	...	...	...
1896
1897	10 0
1898	3 0	7 2
1899	4 0	...	...	7 0
1900
1901	...	3 6	3 6	...	...	...
1902	...	3 0	3 0	2 6	...	...
1903	2 6	...	...	...
1904
1905	2 0	...	...
1906
1907
1908
1909
1910

APPENDIX F
PACIFIC CABLE ACCOUNTS.

	1903-4.	1904-5.	1905-6.	1906-7.	1907-8.	1908-9.	1909-10.
Capital	£ 1,992,967	£ ...	£ ...	£ ...	£ ...	£ ...	£ 1,999,127
1. Receipts from Traffic and Interest on Balances	80,118	87,447	91,952	113,515	110,160	113,093	111,723
2. Working Expenses and Reserve Fund (gradually reduced from £35,500 in 1903-4 to £30,000 in 1909-10)	90,325	85,751	86,964	90,895	94,977	96,435	93,757
3. Excess of 1 over 2	- 10,207	1,596	4,988	22,621	15,183	16,658	17,956
4. Annuity Payment (Sinking Fund and Interest)	77,545	77,545	77,545	77,545	77,545	77,545	77,545
5. Shortfall to be made up by <i>pro rata</i> contributions from Governments	87,752	75,849	72,557	54,924	62,362	60,887	59,589

APPENDIX G

IN a letter to his wife, Mr. Arnold-Forster records the following note of a conversation with Mr. Chamberlain:—

“HOUSE OF COMMONS, *June—*, 1896.

“I had a long talk with Mr. Chamberlain the other night. He came and sat with me for a long time on the Terrace, and talked with great freedom about many matters, principally about federation and its prospects. He was very sanguine about the prospects of the movement, and thought it had never been so near. His great hope is Canada, which, as he truly says, is the most important of the Colonies, and, being a Dominion, the easiest to deal with. He fully believes that before the end of the year he will have a proposal from the Canadian Government (whichever Government it may be)¹ for a conference to discuss possible Tariff Union. He would at once agree, and thinks that the other Colonies, or most of them, would come in.

“He is hopeful about the differential duty. I suggested that the facts made any preferential duty absurd unless food were included. He entirely agreed with this, but was quite prepared to include food duties, and, indeed, regards them as essential.

“I said I thought that when it came to concrete facts, it would be very difficult, if not impossible, to tax raw material. The tax would either be so low as to make no difference, which would be absurd, or so high as to make the profitable production of the exported manufactured article impossible.

“I mentioned cotton. Cotton, he admitted, could not be included. ‘Wool?’ Yes, wool must be. He did not think it would involve much loss to any one, and if

¹ 7th Dominion Parliament dissolved April 24, 1896.
8th Dominion Parliament opened Aug. 19, 1896.

it did, losses were inevitable in so great an operation, and the gains would be enormous. He did not by any means commit himself to the strict economic view that the consumer would pay the duty; probably, as in many quotable cases, the foreign importer would lower his prices, and abandon part of his profit in order to come into our market on any terms. He believed that even if Canadian Ministers were not favourable, their people would insist upon taking advantage of so great an offer as soon as they realised that it was made.

“The frankness with which Chamberlain accepted the idea, and the enthusiasm with which he spoke of it, surprised as much as they interested me.” (*Memoir of H. O. Arnold-Forster, by his Wife*, pp. 213-14.)

APPENDIX H

THE BRITISH PREFERENCE IN CANADA

THE following account of the inception of the British Preference in the Canadian tariff is taken from the Memorandum of the Canadian Ministers at the Conference of 1902, to the report of which it is appended:—

“On the 23rd April 1897 the Canadian Govern-
ment promulgated a Reciprocal Tariff providing for
a reduction of duty on British goods of one-eighth
from the General Tariff rates; such reduction of one-
eighth to be in operation from the 23rd April 1897
until the 30th June 1898; it was also provided that
the reduction would be increased to one-fourth on and
after the 1st July 1898. It was a provision of this
Reciprocal Tariff that the reduction in duty would
apply to any country the Customs tariff of which
admitted the products of Canada on terms which were,
on the whole, as favourable to Canada as the terms of
the Reciprocal Tariff were to the countries to which

April 23,
1897, 12½
per cent.

July 1,
1898, 25
per cent.

it might apply. The belief and expectation of the Canadian Government were that the reduced rates would only apply to Great Britain, and perhaps one or two of the British Colonies, but it was realised that, possibly, under the operation of the British Treaties with Belgium and Germany, these two foreign countries and others might have to be admitted to the benefits of the preference. The Law Officers of the Crown subsequently gave an opinion that these Treaties applied; as a result of this, the benefits of the Reciprocal Tariff were extended to Belgium, Germany, France, Spain, and many other countries.

"The Treaties between Great Britain and Belgium were later denounced, and expired at the end of July 1898.

"On the 1st August 1898 the Reciprocal Tariff was repealed, and superseded by the British Preferential Tariff, which provided for a reduction of one-fourth of the General Tariff rates of duty on all goods except wines, malt liquors, spirituous liquors, tobaccos, cigars and cigarettes, imported from the United Kingdom, . . . Bermuda, . . . British West Indies . . . British Guiana; and any other British Colony or Possession the Customs Tariff of which is, on the whole, as favourable to Canada as the British Preferential Tariff referred to is to such Colony or Possession.

"It was provided, however, that manufactured articles . . . should be *bona fide* manufactures of a country . . . entitled to the benefits of such Tariff. . . . By regulation it was determined that 25 per cent. of the completed cost of manufactured articles must represent British labour in order to entitle the articles to come under the Preference.

"By Order in Council of 14th July 1898, the following British Colonies were added to the list of countries entitled to the Preferential Tariff: British India, Ceylon, New South Wales, Straits Settlements.

"On the 1st July 1900 the Preferential reduction was increased from one-fourth to one-third,

It is respectfully submitted that the Preference has arrested the decline in the volume of British imports into Canada, and given a stimulus to the trade, as a result of which increased sales have been made." (Cd. 1299, p. 118.)

(Statistical argument follows, cf. *supra*, note to p. 356. For subsequent developments see App. J., vol. ii.)

END OF VOL. I



British Cables . . . —————
 United States Cable . . . - - - - -
 Telegraphic Lines . . . ······

