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CHAPTER SIXTEEN

TRADE, DOMINANCE, DEPENDENCE AND THE END
OF THE SETTLEMENT ERA IN CANADA, AUSTRALIA, NEW ZEALAND,
AND SOUTH AFRICA, 1920–1973

Francine McKenzie

On 31 July 1961, Harold Macmillan, prime minister of the United Kingdom, announced his government’s intention to seek admission to the European Economic Community (EEC). This decision reversed Britain’s long held preference for operating within an international economic context within which there was a discernible imperial economic network. Expecting a backlash, Macmillan assured MPs that closer economic relations with the EEC would not be allowed to jeopardize existing trade relations with the Commonwealth. If those historic ties were disrupted, he assured his fellow politicians, ‘the loss would be greater than the gain’.1 The backlash came nonetheless and not just in Britain. Across the Commonwealth, political leaders responded with varying degrees of indignation and opposition. Robert Menzies, prime minister of Australia, was said to have remarked that in London ‘Australia no longer counted for a row of beans’ (Bolton 2008: 228). Prime Minister John Diefenbaker of Canada condemned the British for ‘writ[ing] off the Commonwealth’ (Ward 2001: 163). Keith Holyoake, prime minister of New Zealand, described the decision as an ‘economic threat’ (Patman 1997: 12). South Africa, which had recently taken itself out of the Commonwealth and become a republic could not invoke emotional language or cast the British decision as a potentially damaging rupture, was nonetheless quietly concerned about its future trade with Britain.

Trade was a tangible and important link between Britain and the four former colonies of settlement. The prospective dissolution of their trading relationships with Britain – which British membership in the EEC foreshadowed, particularly as it would mean the end of imperial preferences – was something the three prime ministers and South African

1 Excerpt from his speech reproduced in Crawford (1968: 291–2).
president wanted to prevent. Their rhetoric upheld an imperial economy, at odds with the growth of global trade networks and regional trade blocs. Were they trying to perpetuate an imperial trade tie that had arisen as a result of conquest and settlement?

Although historians dispute whether trade was incentive for or consequence of British imperial expansion in the 19th and 20th centuries, the imperial connection interacted with local factors, including pre-existing settlement, geographical realities, and environmental opportunities and obstacles, to shape the form of settler economies. Despite the great distances between them, the four colonies of settlement bore striking economic similarities in the 19th century, in particular an emphasis on resource extraction (mining) and agricultural production (wheat, livestock, horticulture). Because Britain pursued free trade policies around the world, the development of the settler economies was also situated in an international economic context rather than a narrower imperial one. Nonetheless, there was a complementarity between Britain and the settler colonies in the 19th century, which made the colonies of settlement highly dependent on Britain as a market and source of supply. (See Table 16.1) Britain’s dominance as a supplier of imports and the dominions’ dependence on the British market were defining characteristics of these settler economies (Gardner 1992; Buckner 2005; Jones and Müller 1992).

Dominance and dependence were also central to their status as colonies of the British Empire. Many nationalist historical narratives of Canada, Australia, New Zealand and South Africa trace an inexorable

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2 For contrasting views see Gallagher and Robinson (1953) and Cain and Hopkins (1993).

5 Hawke (1985); Gould (1982); Granatstein (1989); Hart (2002). Hart’s interpretation is not primarily concerned with the link between economic developments and political evolution. His argument is that when Canadian trade policy became more rational and professional, and moved towards closer trade relations with the US, it became more mature (p. 124).

6 See Dyster and Meredith 1990 for an example of such an argument.
Robertson have argued that a discrete imperial economy persisted between Britain, Australia, and New Zealand up to the 1960s (Singleton and Robertson 2002; Singleton 1997: 177). James Belich has pushed the argument even farther, claiming that Britain effectively recolonized New Zealand economically after the Second World War (Belich 2001). Belich has recently elaborated his recolonization thesis, adding other elements of connection and including Canada and Australia, alongside New Zealand, as having experienced recolonization between 1880–1960 (Belich 2009: 464–73). Ronald Hyam and Peter Henshaw have demonstrated commercial and financial interdependence between Britain and South Africa long after a Nationalist government, ‘for whom there was no higher ambition than to free their country from subordination to Britain,’ was elected in 1948. Tim Rooth has found that the recolonization model also applies to South Africa, a product of pragmatic policy-making under the Malan government (Rooth 2004: 93–4, 110). In a different vein, Geoffrey Bolton has denied the presumed causal link between economic conditions and Australian nationalism (Bolton 2008: 230–1). These arguments, as well as passionate declarations of attachment to Britain like those made by Diefenbaker, Menzies and Holyoake, cast doubt on economic nationalist narratives.

This paper attempts to reconcile these contradictory interpretations in order to determine when and how the impact of settlement ceased to determine the direction and substance of trade between Britain and the four ‘old dominions’. First, it examines trade patterns between Canada, Australia, New Zealand, South Africa and Britain from 1920–1973. This analysis complements the analysis of trade patterns in Tim Rooth’s chapter in this volume, although he has a longer time frame (the entire 20th century), includes Argentina in his comparison, and his purpose is quite different – to examine different rates of growth and the impact on their overall economic development. For much of the period under study here, Britain turned to the empire and Commonwealth as a trade network to offset declining British competitiveness and compensate for the collapse of a British-centered international economy until the decision to seek admission in the EEC. Imperial trade nonetheless declined over fifty years, although the drop off was gradual and subject to reverses. Although

there is not a single terminal date, one can make a strong case for the existence of an imperial trade network up to 1950 at least. Thereafter, Canada, Australia, New Zealand and South Africa participated more fully in regional as well as global trade contexts.

But identifying the end of a predominant imperial economy does not fully explain why imperial trade declined, such that in 1961 it was the British who pursued regional trade opportunities. Examining trade policies allows one to understand government intentions, which in turn shed light on the characteristics of dominance and dependence that defined a settler society. Two connected questions can then be asked and, hopefully, answered. First, what do trade connections tell us about the nature of settler societies and their relationship with the metropolitan base? Second, what had to change to bring about the end of the settlement era?

**Trade Patterns Between Canada, Australia, New Zealand, South Africa and Britain, 1920–1973**

**Exports**

Canadian, Australian, New Zealand and South African trade patterns from 1920–1973 can be examined roughly by decade. In the 1920s, Britain introduced its tripartite strategy of ‘Men, Money and Markets,’ which was supposed to reinforce the commercial complementarity of Britain and the dominions. The 1920s were also a period of economic upheaval, when trade patterns began to recover from the dislocating effects of the First World War, and were then thrown back into disorder by the Great
Depression. Canada was primarily an exporter of agricultural goods (wheat) and natural resources, some of which were subject to some refinement, such as newsprint. There was some industrial production for export, such as cars, which were produced by American branch plants. But such diversification did not last (Hart 2002: 95–97). Canada also had two principal markets: Britain and the United States. In Australia, wool was far and away the most important export, constituting over 1/3rd of total exports. Over 50% of Australian goods headed to the distant British market at the start of the decade; there was a striking drop to 36% by its close. Some regional opportunities were evident, for instance with Japan. The United States was also an important market although it lagged far behind Britain. New Zealand’s main exports of butter and meat were overwhelmingly destined for the British market. Because of a global trend towards agricultural protection there were few alternatives. Technological advances, such as refrigeration in the 1880s, sustained this economic relationship. The first trip made by The Dunedin in 1882 carrying mutton and butter to London is legendary in New Zealand history.8 Hence New Zealand has often been referred to as ‘John Bull’s remote farm’.9 The British market was also the predominant destination for South Africa’s exports. Over 70% of South Africa’s exports were headed to the UK, with Japan, the US and Germany trailing by a long way. Its leading exports were gold and diamonds, discovered in the late 19th century. The mining industry was the pillar of the South African economy and central to its development in the 20th century (Jones and Müller 1992: 15). Wool was also an important item, constituting almost 15% of total exports in 1920.

The period from the Depression until the eve of the Second World War, 1929–1939, witnessed economic upheaval and international tension. Canadians, Australians, New Zealanders and South Africans felt the effects of international economic collapse. All appreciated an imperial solution to their economic problems and the result was to protect imperial markets from outside competition through the establishment of imperial preferences at the Ottawa Imperial Economic Conference of 1932. Following the conference Britain regained the top spot as a market for Canadian exports, a position it held until 1939. Australian exports to

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8 Belich (2001: 53) claims that 1882 is the best known date in New Zealand history.

9 Gardner (1992: 85). Fieldhouse (1999) says it is misleading to characterize New Zealand’s economic development this way because it exaggerates British dominance as well as its control over the direction of economic development and understates the agency of New Zealand settlers in determining what kind of economic activity to pursue (pp. 155–7).
Britain also began an upward climb, which lasted until the war, and Australia continued to play ‘its traditional role as a supplier of primary produce to the United Kingdom’ (Bolton 2008: 224). As for New Zealand, exports to Britain dropped by almost 15 percentage points over the course of the decade. Even so, Britain remained overwhelmingly the most important destination. South Africa’s exports to Britain dipped from an exceptionally high rate of 81% in 1935 to 77% by 1938. Gold was the crucial commodity in sustaining this connection.

The years of the Second World War and the immediate postwar years, 1939–1949, witnessed global devastation and preliminary reconstruction. A pattern emerges for Australian, South African and Canadian trade: their market share in Britain declined while all made advances in the American market. In Canada’s case this was part of a longer pattern in which Britain and the US regularly traded position as top destination for Canadian goods. After the war, the US supplanted the UK and would never again cede its place. South Africa also began to trade more seriously with the US during the war. But after the war Britain re-established itself as the principal market and continued to grow in importance into the early 1950s. In 1942, the US surpassed Britain as a market for Australian exports but Britain retook the top spot the next year. New Zealand, the most remote dominion from the British market, saw little effect on its export patterns during the war; its market share fell slightly in Britain and grew slightly in the US. But the gap between the two remained large: in 1949 New Zealand sent 70% of its exports to Britain and less than 4% to the US.

The 1950s was a period of international economic boom, during which Canadian, Australian and New Zealand dependence on Britain fell. South Africa’s market share held steady. Canada and New Zealand increased their trade with the US by a considerable proportion (over 10%) whereas Australian and South African exports to the United States increased by 1–2%. They also exploited regional markets, Japan for Australia and Northern and Southern Rhodesia for South Africa.

The 1960s saw on-going decline of the importance of the British market; the increased significance of the American market, a result of American economic engagement along more liberal lines after 1945 and its assumption of the central position in a global economy; the cultivation of other market opportunities – such as West Germany and Japan – some of them regional in character, for instance trans-Tasman trade. South Africa alone went against the grain: the importance of the British market increased, taking 25.3% of exports in 1960 and 29.5% in 1973, exclusive of gold.
Figure 16.2a Canadian exports to principal markets, 1920–1973 (% of total).  

Figure 16.2b Australian exports to principal markets, 1920–1973 (% of total).  

Figure 16.2c New Zealand exports to principal markets, 1920–1973 (% of total).

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10 B.R. Mitchell (1998a and 1998b). These are the sources for Figures 16.2a, b, c and d and 16.4a, b, c and d.
The export stories of the four dominions were different in important respects, including the distribution of exports, the volatility of trade patterns and the composition of exported goods. Even so, their export patterns followed the same general direction: there was a drop in trade

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11 The statistical information for South Africa is problematic, largely because of inconsistent treatment of gold. I use B.R. Mitchell, *International Historical Statistics* as my default. I have checked these figures against those available in various volumes of *Statistical Abstract for the British Empire, Union Statistics for Fifty Years*, and the *Official South African Yearbook*. The figure includes gold exports to 1938; there are no gold statistics for the years of the Second World War; thereafter the available information excludes gold.
with Britain between 1920 and 1973, although South Africa's trade was remarkably constant after 1950 despite slight annual variations. The decline of the British market was significant in all cases although there were two general categories. For Canada and Australia, Britain became a secondary market, absorbing 6.2% and 8.9% of exports respectively. The British market also lost its overwhelming importance for both New Zealand and South Africa but nonetheless remained the single most important market for both countries’ exporters. Exports from all four shifted to the US as well as Japan, an indication of the extent to which Japan was emerging as a world economic leader.

These downward adjustments occurred even though, or perhaps because, there was much continuity in the main commodities being exported. For example, in Canada, newsprint had been the second most important export in 1926, it was first in 1948, and second again in 1970. Wheat had been first in 1926, second in 1948 and held steady in fifth spot by 1970. Some of the main items were volatile. For instance Canada's fledgling car industry of the 1920s lagged badly after the war. The Auto Pact agreement with the United States in 1965, which permitted free trade in cars and parts, immediately revitalized the industry (Figure 16.3a). Australia's overwhelming dependence on wool was deepened by the Second World War as well as the Korean War (1950–1953). But as Tim Rooth points out in his chapter, there was global demand for wool and wheat; they were not restricted to the British market. By the end of the 1960s the effects of industrial diversification and developments in mining, led to a broader range of top exports without any single commodity dominating the way wool had. (Figure 16.3b) In New Zealand, butter, wool, and meat were still the principal exports and unlike Australia, alternative markets were not readily available (Figure 16.3c). These findings suggest that economic development was not transforming what was produced for export, although some of these exports were subject to more refining. As for South Africa, gold exports constituted over 50% of all exports until 1980. (Figure 16.3d)

Imports

In the 1920s, Britain did not enjoy the same dominance as a source of supply as it did as a market for Australia, New Zealand and South Africa. American products already commanded a significant presence in these
Figure 16.3a Canada’s main exports, 1920–1970 (% of total). \(^{12}\)

Figure 16.3b Australia’s main exports, 1920–1970 (% of total). \(^{13}\)


Figure 16.3c New Zealand’s main exports, 1920–1970 (% of total).  

Figure 16.3d South Africa’s main exports, 1920–1970 (% of total).

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markets. But it was only in Canada that British goods were declining and had been surpassed by the US since the late 19th century.\footnote{The United States first surpassed Britain as a supplier to Canada in 1876. Britain regained top spot between 1880–1882, slipped again until it pulled even with the US in 1887, and thereafter lagged far behind.}

Following the 1932 Ottawa Imperial Economic Conference, the British share of Canadian, Australian and South African markets rose slightly but temporarily; they had reverted to 1920s levels by the start of the Second World War. American imports fell in the early part of the decade but regained lost ground and in the cases of Canada and South Africa they surpassed their 1932 share of the market. As for New Zealand, imports from Britain and the US both dropped roughly 10% during the 1930s whereas Australia almost doubled its market share.

During the Second World War, there was a sharp spike upward in American products entering their markets. The effect was dramatic in Australia, New Zealand and South Africa: the United States actually surpassed Britain as a supplier, although only briefly. After the war, the continued use of sterling – which was largely inconvertible – made it easier – sometimes necessary – to buy British manufactured goods over rival producers, thereby upholding Britain’s rank as principal supplier. This forced reliance on British suppliers engendered resentment in the settler societies. In Canada, the war extended the dominance of American goods that dated to the 1880s.

The 1950s saw a gradual decline of British commodities in the dominions. American goods consumed in Canada, New Zealand and South Africa were stable proportionally – although the value could vary considerably year to year – whereas there was a 4% increase in Australia. Japan and West Germany were also important suppliers, building on prewar trade contact and demonstrating their rapid economic recoveries after the Second World War.

In the 1960s British losses began to translate into American gains in Australia where their ranks as suppliers were reversed by 1967. British imports in New Zealand dropped by almost 10% points; the difference was made up by the US and Japan. Australia held steady as the second most important supplier for New Zealand. In South Africa, America’s share of the market was constant, Britain’s share dropped although it still occupied 20% in 1970. West Germany’s importance as a supplier in South Africa surged forward; by 1974 it passed Britain as top source for imports. Japan’s presence also increased dramatically, from just under 3% in 1950
to almost 12% in 1970. British imports met only 5.5% of Canadian demand in 1970, long dwarfed by American products.

The economic picture that emerges by 1970 is of economic growth and diversification based on resource extractive and agricultural foundations. In Canada, Australia, New Zealand and South Africa, there was therefore a general shift in imports from consumer goods like clothing, tea, sugar, and household products, to a broader range and higher proportion of industrial products. Even though one would expect trade patterns to be constantly adapting in response to evolving local economic circumstances, this did not mean that as Britain's traditional exports to the

Figure 16.4a Imports to Canada from principal sources of supply, 1920–1973 (% of total).

Figure 16.4b Imports to Australia from principal sources of supply, 1920–1973 (% of total).
dominions tapered off, its overall market share would necessarily decline. Changed economic need created new opportunities for trade to which British exporters could have responded. The decline of Britain's market share cannot therefore be assumed. Nonetheless, the trade patterns do reveal when British dominance as a supplier and the dependence of the settler societies on the British market ended. There was no single end point. For Canada, the settlement trade era had ended by 1920. The 1960s marked the end of the settlement era for Australia. The terminus was closer to 1970 for New Zealand although David Fieldhouse has claimed that 'it was after about 1960 [that] New Zealand emancipated itself from
dependence on the British economy’ (Fieldhouse 1999: 160). Stuart Jones and André Müller make a similar claim, identifying 1961 as the point after which ‘the colonial nature of South African trade had ended’ for both imports and exports (Jones and Müller 1992: 351).

**Trade Policies in Canada, Australia, New Zealand and South Africa 1920–1973**

This analysis of trade policy focuses on three episodes: the Ottawa Imperial Economic Conference of 1932 and its aftermath, the international effort to set up the General Agreement on Tariffs and Trade after the Second World War, and the first British application to join the European Economic Community (1961) and its aftermath. In all instances, Canadian, Australia, New Zealand and South African governments were confronted with options: whether to trade in an imperial context, represented by Britain and preferential tariffs and facilitated by the use of sterling in Australia, New Zealand and South Africa, or to focus on international trade, represented by the United States, among others.

**The Ottawa Imperial Economic Conference of 1932**

The Ottawa Conference was the Commonwealth’s collective solution to the global depression during which tariff barriers rose around the world. Dominion officials all focused on the British market. Canadian negotiators, however, were not inclined to make concessions to British exports, also desperate for sale abroad (Rooth 1993: 95). Within the British market, Australia faced stiff competition from Argentina and Denmark for wheat, wool and meat. As Britain turned increasingly towards protection, Australian negotiators sought a preferential advantage for its principal exports. New Zealand negotiators wanted guaranteed prices for agricultural products – prices had plummeted during the depression – as well as preferential access to the British market over foreign producers as well as the other dominions (Nixon and Yeabsley 2002: 90–1). There was little opportunity to improve the terms of trade with Britain. New Zealand tariffs on British commodities were already low and Britain purchased the vast majority of New Zealand exports duty free. London and Wellington could only reaffirm a commitment to continue to exchange favorable conditions (Drummond 1974: 246). Like their Canadian colleagues, they expected to give little in return for preferred treatment in the British market. As the British trade commissioner in Wellington observed, ‘there is
some idea here of endeavoring to get something for nothing out of Ottawa’
(Capie 1978: 50). The representatives from the dominions pursued their individual commercial interests, even at one another’s expense. The British delegation was surprised and dismayed by such flagrant self-interest. However, public statements affirmed the unity of purpose and collective good of the Empire and Commonwealth. On the opening day, J.G. Coates of New Zealand declared “It is instinctive in our people that, in adversity, we should seek not merely our own self-preservation but also the preservation and advancement of other members of the family of British nations” (Mansergh 1953: 128). At the end of the gathering Stanley Baldwin, leader of the British delegation, proclaimed that by extending preferential tariffs to one another the dominions were choosing ‘closer imperial unity’ over ‘purely national interest’ (Mansergh, 1953: 122).

But even though they worked within an imperial economic context, Canadian, Australian, New Zealand and South African trade policies, not to mention those of Britain, were nationalist in conception. The imperial preference system bestowed its advantages on imperial and Commonwealth exports by raising tariffs on ‘foreign’ (meaning non-Commonwealth) commodities, not by lowering tariffs on Commonwealth goods (Hancock 1964: 85; Macdougall and Hutt 1954: 250–1). And preferential tariff rates were kept sufficiently high to protect new industries in Canada, Australia, New Zealand and South Africa. Hardly surprising, commentators at the time, and historians reviewing the conference, agree that there was little in the proceedings or results that upheld the notion of a collective imperial cause.17

The imperial economic option was not the answer to Canada’s trade woes. When the United States introduced the Reciprocal Trade Agreements Act (RTAA) in 1934, Canada was quick to line up to negotiate a new trade agreement. Canadian-American negotiations led to agreements in 1935 and 1938, in which imperial preference was used as bait to entice the US to make more far-reaching concessions (Drummond and Hillmer 1989). Australia also sought opportunities in the American market in the hope it could offer more profitable and sustainable opportunities for exports. But by 1939 their discussions had not been fruitful, not for lack of trying on Australia’s part. Lack of options meant Australia

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continued to value its trade connection to Britain. In contrast, Wellington was not interested in negotiating a trade agreement with the US, even though New Zealand officials had long recognized that the British market ‘was not bottomless’ (Brown 1997: 42). Instead, a radical Labor government, first elected in 1935, introduced quantitative restrictions to minimize economic upheaval brought on by external forces to ensure decent living conditions for all of its citizens (Mein Smith 2005: 155). The government took these steps over the objections of key trading partners.

**The Establishment of the General Agreement on Tariffs and Trade**

During the Second World War, British and American officials began to plan for the postwar world. International economic organizations were central to their thinking. The General Agreement on Tariffs and Trade (GATT) emerged from wartime deliberations with a mandate to remove barriers to trade and to manage trade conflicts between states.

Canadian officials welcomed the GATT; they preferred a multilateral framework for trade over regional, continental and imperial approaches. Australia was also deeply engaged by this proposal to create an international trade organization. However economists like H.C. Coombs believed that the emphasis on lowering tariffs was misplaced. Conditions of full employment would ensure that goods flowed freely and efficiently around the world. There was also apprehension that engagement in an international economy, with its implied retrenchment on the imperial side, would make Australia vulnerable to international pressures. South African interest was more muted. Gold seemed to have inspired a measure of confidence, or perhaps complacency. However, there was a sense that South Africa could benefit from a more accessible American market, although it stood to gain only from highly specific concessions and not a general liberalization of trade. Even though studies confirmed that a more liberal international economy would most effectively promote prosperity, New Zealand was dubious of GATT.18 Instead, New Zealand and Britain concluded four-year bulk purchase agreements for mutton, cheese and wool in 1944. With its place in the British market secure, New Zealand looked on the liberalizing mandate of the GATT with a mixture of trepidation and indifference.

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The first round of GATT tariff negotiations took place in Geneva over six months in 1947. None of the dominions was keen to negotiate with Britain. Instead they eyed the expansive American market. For instance, the main goal of the Australian delegation was to persuade the US to reduce its tariff on wool by 50%. At 34 cents per pound, the American duty effectively doubled the price of raw wool, curtailing American demand. But the US refused to reduce the tariff. Australia insisted on the full 50% reduction, without which it would not abolish or reduce any of the preferences it either extended or received. South Africa and New Zealand suspended all trade negotiations with the US in a show of solidarity. Political intervention at the highest level in both the US and Australia was required (this included a presidential veto on a bill that would increase the tariff on wool and the dispatch of John Dedman, a cabinet minister, to take charge of the Australian delegation) to broker a compromise that left the US believing it had made a major concession (a reduction of 25%), for which it had received scant compensation. But even if the American gesture looked impressive on paper, the effect was less remarkable: the American market did not suddenly become accessible to Australia’s leading export.

The fact that Australia’s ability to sell wool to the United States did not markedly improve (and would not until the Korean war increased demand) meant that Australia continued to rely on Britain and to nurture its place in an imperial economy. That was not Canberra’s preferred policy; it was the product of limited choice. Hence Australia remained committed to an imperial economy after the Second World War; the national interest dictated that it must be so.

Canada turned into a champion of GATT, defending the principles upon which it was based as well as trying to broker agreements when disputes emerged between its principal sponsors, Britain and the United States, as they did over the future of imperial preferences. The conference was on the brink of collapse because of Britain’s refusal to scale back preferential tariffs, a principal demand of the American government (McKenzie 2002: 199–220; Zeiler 1997: 712). The government of Canada unilaterally gave up a couple of preferences and asserted its right to amend, and remove, preferences without consulting the beneficiary, thereby revoking the contractual core of the imperial preference system. American officials played up this concession to convince President

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Truman that the US had largely achieved its goal of dismantling imperial preference. Canadian actions helped to bring about the GATT but Canada was not motivated by altruism. Officials in Ottawa knew that without both British and American backing the GATT would not come to life. And the multilateral organization of world trade along liberal and non-discriminatory lines was in Canada’s best interest.

South Africa also participated in the Geneva negotiations although it was not prominent. It backed up the Australian stance in its acrimonious negotiations with the US over wool. It also backed out of negotiations with the Canadian delegation to remove the contractual obligation to enforce margins of preference. Ottawa had initiated discussions with South Africa in tandem with, and as something of a consolation to, Britain. But South African officials delayed, such that an agreement was not ready by the close of the GATT meeting. The headline in the Cape Times that read ‘Few Sacrifices by Union’ captured the basic aim of South Africa during the GATT negotiations (as well as the other participants): make the minimal necessary contribution for the maximum benefit.

As for New Zealand, it concentrated on holding its place in Britain. Wartime agreements for mutton, wool and cheese were extended until 1954, effectively locking up New Zealand supply for a decade. While it is tempting to characterize this approach as one in which there was a refusal to acknowledge changes in the workings of the international economy and the limitations on the British market, such a description would be largely incorrect. New Zealanders feared the return of a global economic depression after the war and doubted that the US would be able to reduce its own tariff on mutton, lamb and other key exports. Hence Singleton and Robertson noted that the Commonwealth economic system was ‘a bulwark against global economic (in)stability’ (Singleton and Robertson 2002: 215). In addition, New Zealand capitalized on Britain’s need for agricultural exports for hungry and tired British citizens who believed that a New Jerusalem was due to them. New Zealand’s leverage vis-a-vis Britain was sufficiently strong that it erased, temporarily, the disparities of size and power. Indeed, Britain encouraged New Zealand to continue

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21 Cape Times, 19 Nov. 1947, p.3.
its agricultural production after the war to address Britain’s own food shortage which reinforced their trade dependence at the expense of engagement in the international economy (Singleton 1997). The strategy worked well in the short term. In 1953, New Zealanders enjoyed the third highest standard of living in the world.

*The First British Application to Join the EEC*

When the British government announced its intention to enter into negotiations to accede to the EEC – a decision which foretold the end of imperial preferences – public and official opinions in New Zealand were shocked. President de Gaulle of France vetoed the British application twice, which gave the four settler states time to respond. When the third and successful round of negotiations began in the early 1970s, New Zealand had developed an effective strategy: it engaged in relentless lobbying of the British public, British government, MPs and ministries, as well as European officials to secure special concessions for its dairy exports to Britain, very important since approximately 90% still sold in the UK. New Zealand invoked emotional attachment and debts – such as the Second World War – to bolster its request. President Pompidou of France was persuaded that something had to be done for New Zealand. Wellington was also astute in understanding that it could protect its commercial interests but not by trying to sabotage or block Britain’s decision. The strategy worked as the EEC made concessions to New Zealand dairy exports (Nixon and Yeabsley 2002: 105–126).

In contrast, Australia’s reaction to the British announcement of 1961 was to try to block British admission to the EEC rather than come to grips with this dramatic change in British policy. Although Australia had much less at stake in the British market by 1961 than had been the case in 1921, Menzies’ reaction was strident and pugnacious. As *The Economist* reported, Menzies’ reaction was ‘a pretty forthright declaration of war against the British Government’s plan to join the Six.’23 His opposition combined arguments about the integrity of the Commonwealth and Australia’s economic interests. Australia even went so far as to request a seat at the UK-EEC negotiating table when their commercial interests were at stake (Goldsworthy 2002: 126–7). The Australian stance did not win much sympathy abroad. As John O’Brien has explained, Australian

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23 *The Economist*, 12 Aug. 1961, p. 616. The article did go on to note that in fact his response might be more nuanced and not as intransigent as it sounded.
trade policy was trapped in ideas and understandings based on economic structures and patterns rooted in the past. Combined with unimaginative leadership at the Department of Trade, O’Brien concluded that there could be no other outcome than failure for its efforts (O’Brien 2001: 48–50). Regardless of its success or failure, Prime Minister Menzies’ reaction to the news confirms that despite a passionate commitment to Britain, he knew that his first loyalty was to Australia.24 By the time British accession occurred, Australia had adapted by diversifying its trade and stoically accepting the British decision. In the opinion of Stuart Ward, Britain’s admission in 1973 did not provoke significant opposition (Ward 2001a: 253).

John Diefenbaker, prime minister of Canada, indulged in ‘nostalgic whining’ (Hart 2002: 209) which did little to protect the trade interests which would be adversely affected by British entry into the EEC. The total value of Canadian exports to Britain was substantial. Moreover the loss of preferential tariffs, which would result from Britain’s application of the common external tariff of the EEC, would hit specific commodities quite hard.25 Over the course of a decade when British admission was finally achieved, Canada’s trade with the US continued to grow and the issue of British entry into the EEC was depoliticized (Ward 2001b: 169).

As for South Africa, 1961 was a momentous year: on 31 May it became a republic and withdrew from the Commonwealth. Despite proud pronouncements of South African independence, it was more and more dependent on Britain as other international contacts closed down in opposition to the expansion of apartheid. The subsequent imposition of sanctions against South Africa further reinforced its dependence on Britain. These particular geo-political circumstances perpetuated economic ties to Britain.

Conclusions

Until 1950, trade patterns between Britain, Canada, Australia, New Zealand and South Africa remained surprisingly vital despite industrial development, economic diversification, and the strength of regional

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24 Ward makes the case that the first UK application to the EEC was the crucial moment in ‘the demise of British race patriotism in Australian political culture’. Ward (2001a: 3). See the whole book for a close study of the Australian response to the application.

25 Hart includes wheat, barley, newsprint, aluminum, lead, zinc, industrial chemicals and wrapping papers, p. 211.
economic forces; they tailed off thereafter at various speeds. Economic-nationalist narratives therefore exaggerate the dominions’ divergence from an imperial economy. However, the connection between political and economic developments is not necessarily direct. The persistence of a discernible imperial trade bloc is compatible with the emergence of Canada, Australia, New Zealand and South Africa as fully sovereign and distinct from Britain. This is revealed when one examines trade policy in Ottawa, Canberra, Wellington and Pretoria. Evidence from the imperial economic conference of 1932, the negotiations that led to the creation of the General Agreement on Tariffs and Trade, and the reactions to the British decision to seek admission to the EEC confirms that they formulated and implemented trade policies that best served the interests of their citizens. Over the half century under study, governments in New Zealand, Australia, South Africa and Canada sought secure markets in a volatile international economy. Britain offered security and stability when there were few alternatives (especially for agricultural goods) and unstable conditions; it did so longer for New Zealand and South Africa than Australia and Canada. The success of this trade strategy was evident in the high standards of living they attained. In 1968, Canada ranked 4th, Australia 6th, New Zealand 8th, and South Africa was 36th in terms of per capita income. (The lower rate for South Africa reflected the impact of apartheid, which kept the majority of the population in dire economic conditions.) The strategy worked slightly less well for Britain; its standing was 12th (World Bank Atlas, 1970).

The impassioned way in which political leaders talked about trade relations with Britain makes for compelling reading and was no doubt sincerely felt. But it was not evidence of a willingness to subordinate the settler society’s individual economic interest to that of Britain. Sentiment had a tactical utility; it strengthened the efforts of settler governments to protect their own interests. Its effectiveness confirmed the appeal of the sentiment. Hence, Britain’s importance as a trading partner ‘bound calculation and emotion tightly together’ (Dyster and Meredith 1990: 87). But beneath the surface of emotional declarations of attachment and rejection there was a pragmatic and powerful understanding of national economic interests that elected leaders in Ottawa, Canberra, Wellington

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26 Goldsworthy makes the point that British officials also exploited sentimental arguments to try to win Australian support for their decision to join the EEC. Goldsworthy (2002), p.122. I do not entirely agree with Ward that there was a ‘discordance of sentiment and self-interest’. Ward (2001b), p. 156.
and Pretoria served first and foremost. That had been the case in 1932 as well as 1961. And it suggests that the end of the settlement era owed as much to changed mentalities as it did to changed patterns of trade.

Changes in the international economy, in particular Britain’s displacement as its centre, were also relevant to the end of the settlement era. The British impress on the development of dominion economies derived from the fact of settlement as well as its global economic reach and dominance in the 19th and early 20th centuries. Economic retrenchment after 1945, culminating in the agonizing decision of 1961 to seek admission to the EEC, was both cause and consequence of the emergence of a new international economic structure in which the logic and benefit of settlement had diminished greatly. Britain’s economic conditions and policies were also crucial in weakening the home country’s interest in and commitment to maintaining the settler economy. The rise of Western Europe as a region of economic dynamism and Japan’s robust economic activity were also relevant.

That Canada led the other three as they moved away from the settlement era also suggests the importance of having alternatives to the British market and suppliers. This factor was also highlighted in the case of South Africa, which had few choices. Racist policies of apartheid turned it into an international pariah. Despite its withdrawal from the Commonwealth and establishment as a republic, Britain remained economically open to South Africa whereas governments and individuals around the world demonstrated their opposition to the regime by ceasing to purchase South African goods. Therefore Britain remained an important trade partner long after the three former colonies which stayed in the Commonwealth sought their fortunes elsewhere.

Examining trade patterns and policies is one way to determine when these countries ceased to be settler economies; one can identify the end of the settler-colonial era for trade as early as the 1930s in terms of conception and policy and between 1920 and 1970 in terms of trade patterns. But when they stopped being settler societies was a more complex and ambiguous process. They were settler societies because of the many ways that settlement, which was linked to British imperial expansion, shaped them. Settlement and imperialism were inextricably linked, but they were not identical and their decolonization from Britain did not eradicate the lasting impress of settlement (Belich 2009: 21–3; Elkins and Pedersen 2005: introduction). Even if the legacy of settlement outlasted British identities and ties, the decolonization of the ‘old white dominions’ was not realized suddenly or starkly. That process involved severing the many strands that
constituted the tie to Britain and the Commonwealth: values, national identity, culture, family, foreign policy, economics, national security, political institutions, constitutions, and many others; they did so at different speeds over the course of the 20th century. The unraveling occasionally produced a backlash or lament, as was evident in 1961 in the reactions of the governments of Canada, Australia and New Zealand to the British decision to apply to join the EEC. Benvenuti and Ward have observed that the tension between their discrete economic and political interests alongside a persistent identification with Britain constituted ‘the core dilemma of the settler-colonial experience’ (Benvenuti and Ward 2005: 167). And yet none of these four settler governments, no matter what political party was in power, ever questioned the primacy of domestic commercial interests over those of Britain. The complexity of their national identities and the multiple layers of connection to Britain in some ways eased the strain that arose when their interests diverged from Britain. The implications of pursuing national economic priorities could be offset by continuity of connection in terms of political institutions, military cooperation, cultural affinity, and family ties. The impress and legacy of settlement extended far beyond the economy.

References


Buckner, 2005, examines the dissolution of the imperial tie with Canada, strand by strand.


