Economic Governance in the Empire-Commonwealth in Theory and in Practice, c. 1887-1975

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Summary

After a long spell of neglect, historians in the last twenty years have started again to take an interest in the economics of the ‘British World’: an entity centred on Britain and the dominions. Their approach emphasises shared culture and networks. By contrast this article reasserts the importance of institutions of governance in shaping economic transactions and hence the importance of political (not cultural) economy. In order to re-emphasise the connected importance of co-ordination between states within the Empire, it prefers the term Empire-Commonwealth to British world, a term more closely grounded in contemporary language. It argues that the Empire-Commonwealth possessed complex, patchy, but discernible practices of economic governance which the paper delineates and argues were shaped by the overriding concern to maximise the autonomy of self-governing members (Britain and the dominions). These practices let to cooperation over preferential trading arrangements, currency, taxation, migration and investment, law and regulation, and transport and communications. After 1945 the international framework which sustained these practices transformed, while the internal dynamics of the post-imperial Commonwealth made significant cooperation on matters other than aid and development in the global south unlikely. The possibility of broad-ranging governance receded even as intra-Commonwealth trade and investment declined.

I Introduction

In the aftermath of the Second World War, the United States used its newfound hegemonic power to remake the global order. It became the principal architect of a set of binding international political and economic institutions: the United Nations, the General Agreement on Tariffs and Trade (GATT). It also supported complementary regional supranational groupings ones such as the North Atlantic Treaty Association, and promoted

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Free Trade Areas, not least the European Economic Community. This reordering cut across older forms of association. The British Empire and Commonwealth’s system of imperial preference proved an early target for American economic policy makers wedded, like their forebears, to the ‘open door’. British defences of the status quo denied the legitimacy of American intervention. For instance, in October 1945, the report of a conference hosted by the Federation of Chambers of Commerce of the British Empire stated that although the ‘British Commonwealth of Nations’ was ‘divided by the sea’ and composed of ‘States which are themselves each and severally sovereign’, this, however, did not ‘deprive them of the right to lower the inter-State tariff walls which divide them’ since ‘the right to this is claimed by every political entity’. In 1948 the same body compared ‘The trading system of the widespread British Commonwealth and Colonial Empire … to that of the great domestic market of the United States’.

Thus, defenders of imperial preference asserted a political and economic unity imparted by practices of association that had grown between largely autonomous states embedded within, but distinguished from, the broader British empire. They deployed the rhetorical fruits of a half century long project to imagine and maintain a political entity which was simultaneously united and divided – both one and yet also composed of separate and increasingly sovereign parts. The term British Commonwealth of Nations was officially adopted in the 1921 Anglo-Irish Treaty and centred on the self-governing parts of the Empire. The famous statement in 1926 by Lord Balfour explained that British Commonwealth of Nations was composed of ‘autonomous communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs’. These interwar developments crystallised a pattern and trajectory already visible in political thought and practice from the late nineteenth century; a Commonwealth project forming within broader project of empire.

This article charts the economic dimensions of this Empire-Commonwealth project. The term Empire-Commonwealth is used here to encompass particularly but not exclusively the Anglo-Dominion core of the British Commonwealth of Nations from the 1880s to the 1940s. It is deployed first to reflect slippery contemporary terminology and spatial imagination. The British Commonwealth of Nations was not entirely distinguished from the colonial empire in shifting contemporary political vocabulary. India was for example officially part of the British Commonwealth of Nations – although its status was ill defined. Down to 1939 the term empire was more frequently used than Commonwealth even for institutions largely focused on the autonomous core of the Commonwealth. Contemporaries also still conceived of the British Commonwealth of Nations as possessing a connection to rest of the colonial empire. Second, Empire-Commonwealth differentiates from the post-colonial Commonwealth of Nations which emerged from the period of decolonization. In

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3 Drummond, *Imperial Economic Policy*.
4 London Metropolitan Archives (LMA hereafter), CLC/B/082/MS18287: *Congress Proceedings*, 1945, p. 9 (Congress Proceedings hereafter). All LMA references are from these papers unless otherwise stated.
5 *Congress Proceedings*, 1948, p. 36.
7 E. 129, Imperial Conference, 1926, Inter-Imperial Relations Committee, p. 1
1945 was possible to imagine the Empire-Commonwealth as an economic and political entity. This was not possible of its post-colonial successor by the 1970s. Although the post-colonial Commonwealth encompasses much the same membership as the Empire-Commonwealth, it has a very different and more limited praxis of intergovernmental cooperation.

II Historiography and Argument

That the Empire-Commonwealth possessed, and was seen to possess, possibilities of economic governance has been underemphasised in the recent historiography on empire. It was not always so. During the first half of the twentieth century, the great debate on imperial preference placed economics and governance at the heart of emerging ideas about the Commonwealth. Keith Hancock’s *Surveys of Commonwealth Affairs* devoted volumes to the Commonwealth’s ‘Problems of Nationality’ and ‘Problems of Economic Policy’ in 1937 and 1942. Economics featured heavily in later volumes in the series by Nicholas Mansergh and J. D. B. Miller. For this older literature the Commonwealth was an entity which had affairs. However, in the late-twentieth century imperial history and the Commonwealth parted company. In 1953 Ronald Robinson and Jack Gallagher’s ‘Imperialism of Free Trade’ and its underlying concept of informal empire ungirded the study of empire from close attention to political institutions. Their school of the literature reached its zenith in P. J. Cain and A. G. Hopkins’ two volume study of British imperialism. The index for the second edition had a one-line entry for the ‘Commonwealth’, merely cross-referring the reader to the ‘post-war period’.

The core of the Empire-Commonwealth, the self-governing settler dominions attracted more attention in Cain and Hopkins’ work than Robinson and Gallagher’s and took centre stage in the new literature on the British World that emerged from the early twenty-first century. Yet that literature was constructed on slippery conceptual foundations. While *de facto* many authors – including Carl Bridge and Kent Fedorowich in their opening manifesto – used the term Commonwealth, this usage did not feed the conceptualisation of the British world. The British world remained disconnected from the continuing trickle of publications on the Commonwealth.

This neglect has characterised the application of the British World concept to economics. James Belich, writing on the conceptually distinct Anglo-world, distinguished a distinct Anglo-dominion economic sphere but had little to say on politics even though his ‘two-fold’ angloworld could only be distinguished by political and constitutional means. Similar problems can be seen in Gary Magee and Andrew Thompson’s *Empire and Globalisation*. Magee and Thompson’s concept of ‘cultural economy’ down played the role of the state - of political economy – and placed instead at the heart of a British world

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10 Lloyd, ‘Britain and the Transformation’.
11 Hancock, *Problems of Economic Policy*; Hancock, *Problems of Nationality*.
13 Gallagher and Robinson, ‘The Imperialism of Free Trade’.
15 Bright and Dilley, ‘After the British World’.
16 A distinct revival of interest in the political thought that underpinned the Commonwealth has begun. See for instance, Bell, *Idea of Greater Britain*; Baji, ‘Zionist Internationalism?’.
17 Belich, *Replenishing the Earth*.
18 Ibid.; Magee and Thompson, *Empire and Globalisation*. 
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economy the operation of ‘co-ethnic networks’. The approach usefully highlighted the way culture and identity can shape economics. But they two found it hard to delineate their subject sharply treating the US as an ambiguous case both inside and outside of the ‘British world’ without explaining how or why that could be the case. Yet, as the example of the defence of imperial preference in the late 1940s showed, for US and Empire-Commonwealth policy makers, political economy sharply separated the ‘Angloworld’.

Magee and Thompson focused on the late nineteenth and early twentieth century. David Thackeray has recently taken the concept of cultural economy forward into the twentieth century, a period in which the role of states, regional, and international bodies in regulating the global economy expanded enormously. Thackeray has offered a rich study which seeks to show the construction of a ‘British World of Trade’ – a world he confines to the Empire-Commonwealth which features in his sub-title. His emphasis is on the forging and then disintegration of economic networks which shaped patterns of trade. He gives useful attention both to the expulsion of non-whites from these networks, and to their interaction with the international level. Thackeray is far more conscious of and gives far more emphasis to the role of politics and the state: the core of his book focuses on official and quasi-official bodies such as the Imperial Economic Council, or business associations such as chambers of commerce. He also often acknowledges that many of the networks (as he terms them – I would prefer institutions) he focuses on were framed by politics. Indeed, his study’s chronology is bounded by the period of late-Victorian imperial federation and final Britain’s entry into the EEC: in other words, by political economy. Yet he retains a preference for the British world as a framework (using Empire-Commonwealth as a synonym) and rejecting other possible terms. Hence Thackeray also retains the ‘network’ as his driving concept, and charts trade associations and networks skilfully, but pays less attention to the forces which shape the ‘trading networks’ he describes. Yet his chronology alone suggests a need to give more weight to politics and economic governance than the ‘British world’, network theory, and cultural economy allow.

This article restates the existence and sketches the shape of a framework of empire-Commonwealth political economy which in turn affected economic transactions and networks. This emerged in the late nineteenth century, reached a zenith between the wars, and rapidly eroded after the Second World War. The praxis of economic governance was in turn shaped by the broader international context within which it operated. It is not claimed that this Empire-Commonwealth framework was necessarily a primary driver of economic transactions. The practices of governance associated with the Empire-Commonwealth were often weak by comparison with the powers of nation states (including dominion governments) or with the more binding post-1945 forms of international and regional association. Nor is it claimed that economic governance was harmonious. It was often fractious. Still until the late-1940s, a political economy of the empire-Commonwealth existed. Its operation was real, and at least no less significant than pre-1945 forms of international cooperation. Conversely, by the 1970s the post-colonial Commonwealth did

19 Magee and Thompson, Empire and Globalisation, pp. 14, 45-63.
20 Dilley, ‘Empire, Globalisation, and the Cultural Economy’.
21 Thackeray, Forging a British World.
22 Ibid., p. 7.
23 For a critique of network-focused approaches, see Potter, ‘Webs, Networks and Systems’.
24 For a similar argument about British imperial power more broadly, see Darwin, ‘Globalism and Imperialism’
25 Barnes, ‘Lancashire’s ‘War’ ‘.
not possess the same possibilities of economic governance.27

III Methods of Governance in a Decentralised Supranational Polity

The Empire-Commonwealth evolved practices of economic governance, defined here as institutional frameworks shaping aspects of economic activity. These were built on the voluntary cooperation of the UK and Dominion governments, combined with management of the colonial empire. The UK government retained some functions and a distinctive role, a role that tended to be exercised at the sufferance of other members. The Empire-Commonwealth’s modes of cooperation shared certain key attributes grounded in an underlying concern to maintain and maximise the autonomy of individual members. None of these modes of cooperation were necessarily exclusive to Empire-Commonwealth level. In many areas there was overlap or interplay with international level cooperation.

Economic governance on this basis could be exercised through five main practices, none mutually exclusive. First, UK institutions performed certain key functions. For example, the Bank of England managed the sterling bloc/area from the 1930s to the 1950s while the Judicial Committee of the Privy Council often served (unless restricted as by the Australian constitution) as the highest court of the empire.28 Second, the UK government could provide exclusive or disproportionate subsidies. This might take the form of financing communications networks (shipping, postal systems, telegraphs, airlines and the like) or sponsoring the production of knowledge framed by the Empire-Commonwealth. Examples of the latter might include the funding of the Imperial Institute in South Kensington or the Dominions Royal Commission which began in 1909 and reported in 1918.29 Third, unilateral legislative action promoted harmonisation by replicating laws elsewhere (generally but not always the adoption of UK legislation). This happened frequently with aspects of commercial law. Fourth, individual members’ actions could by design or effect create a distinctive Empire-Commonwealth political economy. Canada’s unilateral adoption of imperial preference in 1897 falls into the latter category.30 So too might the United Kingdom’s Colonial Stock Acts (that created some de facto preference in investment for the dominions), the Empire Settlement Acts of the 1920s, or the creation of the Empire Marketing Board.31 Fifth structured voluntary bilateralism or multilateralism: agreements between members or all members were brokered within the crucible of the Empire-Commonwealth. The Ottawa trading agreements of 1932 were a series of bilateral agreements resulting from bilateral negotiations held in parallel at the imperial conference.32

The array of practices and the areas over which they were applied were widely recognised by contemporaries. They were reflected in and reinforced by the periodic colonial and imperial conferences. The possibilities of economic governance also generated a broader ecosystem of economic thought out of which policies emerged. Their existence underpinned temporary commissions and permanent advisory bodies which increasingly

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27 An important and neglected overview can be found in Lloyd, ‘Britain and the Transformation’. For general accounts of the post-colonial Commonwealth both sceptical and sympathetic, see McIntyre, Significance of the Commonwealth; Srinivasan, Rise, Decline, and Future; Shaw, Commonwealth; Murphy, Empire’s New Clothes.
28 Schenk, Britain and the Sterling Area; Wheare, Constitutional Structure, pp. 24-25, 45-54.
29 Constantine, ed., Dominions Diary; Dominions Royal Commission, Final Report; Mackenzie, ‘Imperial Institute’.
30 Skelton, Life and Letters, pp. 52-57.
31 Jessop, ‘Colonial Stock Act’; see also Reference 33.
32 Drummond, Imperial Economic Policy.
formed to promote Empire-Commonwealth coordination: for instance, the Dominions Royal Commission (1909-1918), the Empire Marketing Board (established in 1926), or the Imperial Economic Committee (established in 1924). The Empire-Commonwealth’s economic governance was also reflected in civil society. At least two major pan-Empire-Commonwealth business associations were active across the interwar period and persisted into the 1970s: the Federation of Chambers of Commerce of the British Empire (originating in 1886), and the Empire Producers Association (originating in 1916). The Royal Empire Society formed its own trade section. There were also political lobby groups or leagues. To take only British examples, some were fleeting and specialised, like the Empire Resources Development Committee, which formed in the aftermath of the First World War to advocate state intervention to facilitate colonial economic development. Others were large scale, including the succession of bodies which advocated imperial preference (see below) most notably the Empire Trade League and the Tariff Reform Association prior to 1914, and, the Empire Industries Association from the mid-1920s.

The rich seems of discussion of political economy which emerged from official, semi-official and unofficial channels reflected the potential for Empire-Commonwealth economic governance to touch on range of policy areas. In turn we will now explore how they were applied in the fields of trade, currency, migration and investment, taxation, law, and transport and communications.

IV  A Provisional Anatomy of Empire-Commonwealth Economic Governance, c.1887-1939

A. Markets: Preferential Trade

No single policy symbolised Empire-Commonwealth political economy more than preferential trade. The concept, a revival of pre-1850s practice, was for empire members to charge lower tariffs on each other’s products than foreign goods, even those enjoying ‘Most Favoured Nation’ status. The idea was floated in the fair-trade debates of the 1880s, pursued assiduously by Canadian businessmen and politicians in the 1890s, and became the centrepiece of Joseph Chamberlain’s Edwardian challenge to free trade. Canada in 1897 first included imperial preferences in it tariff schedules unilaterally, followed by New Zealand in 1902, Australia in 1907, and the newly united South Africa in 1910. The UK’s commitment to free trade kept it aloof until the introduction of the protectionist McKenna Duties in the First World War also saw some preferences introduced for the empire in Britain. Many of these unilateral preferences persisted in the 1920s, although some McKenna duties were lifted. The UK rejected Conservative proposals for more comprehensive imperial preference in the 1923 election. Other Empire-Commonwealth members began pursuing bilateral preferential deals. Canada signed one with Australia in 1931. Thus notwithstanding patchy implementation, imperial preference persisted as a

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33 Dominions Royal Commission, Final Report; Barnes, ‘Bringing Another Empire Alive?’; Constantine, ‘Bringing the Empire Alive’; TNA, DO 222 (Imperial Economic Committee).
36 Killingray, ‘Empire Resources’.
37 Thompson, Imperial Britain, pp. 9-109; Marrison, British Business, ch. 12.
38 Sullivan, ‘Revealing a Preference’.
recurrent economic and political idea.

Even *ad hoc* preferences spawned regulation. One important question concerned certification of origin: if imperial goods got preferences what proportion of empire-content (raw materials and labour) were required to be eligible? The various dominions never had a common definition. The documentation required to administer customs preferences led to an entire subsidiary conference, the Imperial Customs Conference of 1921 which recommended standard forms (fitfully adopted) on which varying definitions could be expressed.\(^{40}\) While all international trade required certificates of origin (for example to administer Most Favoured Nation status), preferential trade raised particular problems which gave empire trade a distinctive identity. Moreover, even if the UK did not have significant preferences for the dominions by this point, UK exporters had a clear stake in dominion preferences, illustrating how unilateral and uncoordinated decisions by governments nonetheless created a form of pan-Empire Commonwealth economic framework for commercial enterprise.

Preferential trade came to fruition in the 1930s. The UK finally abandoned free trade in the wake of the Great Depression. Subsequently a comprehensive set of bilateral deals were negotiated at the Ottawa Imperial Economic Conference in 1932. The Ottawa agreements were to operate fixed terms, introduced notice periods for cancellation, and created mechanisms to decide which industries in the dominions should or should not be protected through tariff boards. They enhanced the dominions’ access to UK markets compared to foreign primary producers. It is usual to point out, as manufacturers groups in the UK soon complained, that the agreements and tariff boards often gave UK exporters advantages against foreign rather than domestic competitors but did not significantly dent dominion protectionism.\(^{41}\) Even so the agreements provided a clear framework for tariff relations and for subsequent changes in tariff relations. The degree of certainty provided may well have helped encourage intra-Empire-Commonwealth trade, a claim made vociferously by its defenders in the late 1940s and 1950s.\(^{42}\) Whatever the practical limitations, the Ottawa agreements epitomised the possibilities as well as limitations of Empire-Commonwealth economic governance.

Reaching their apogee in the Ottawa system, trade preferences embodied the broader reconciliation of autonomy with unity that lay at the heart of a concept of the Empire-Commonwealth. This was why they persisted across the decades, while schemes for Empire free trade (or, as Joseph Chamberlain put it when floating the idea in the 1890s, an imperial zollverein) failed to gain traction.\(^{43}\) These schemes (whether outlined by Joseph Chamberlain or Lord Beaverbrook) required a customs union with a common tariff, something unacceptable to the dominions and Britain. As Leo Amery explained on the eve of the Ottawa conference: ‘Mutual preference is the practical expression of a desire to cooperate without that surrender of economic and political autonomy which is involved in any formal customs union with internal free trade’.\(^{44}\) Only preference enabled the expression of simultaneous unity and autonomy at the heart of Empire-Commonwealth economic governance.

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\(^{40}\) Cmd. 1231: Imperial Customs Conference, 1921.

\(^{41}\) Drummond, *Imperial Economic Policy*.


\(^{43}\) *London Chamber of Commerce Journal*, June 1896, pp. 6-7.

\(^{44}\) *Observer*, 10 April 1932.
B. Currency

By the end of the Second World War, a further area of cooperation – almost but not entirely coterminous with the Empire-Commonwealth – had risen to prominence: currency. By that point – excepting chiefly Canada – most of the countries of the Empire-Commonwealth (and some non-Commonwealth countries) pooled their export earnings in London and used these balances to settle payments with the non-sterling world. The Bank of England played a crucial role in managing the Sterling Area. The Area emerged from the looser run sterling bloc which formed in the 1930s following Britain’s departure from the gold standard in 1931 and included far more non-Commonwealth members. Although the Sterling Area was not coterminous with the Empire-Commonwealth, the coincidence was close enough for contemporaries to elide the two frequently and for the management of the area to be discussed in Commonwealth fora. In the 1940s and 1950s the deficit particularly with the dollar bloc (US AND Canada) intensified transactions within the sterling area, and hence largely intra-Commonwealth economic transactions and discussions.

Currency was less obviously an attribute of empire-Commonwealth political economy prior to the final abandonment of the gold standard in 1931. If during this period there was less of a distinctive Empire-Commonwealth monetary identity, it was because the gold standard, and in Asia bimetallic or silver standards, subsumed this possibility within broader international frameworks. In India in 1898 the currency was shifted to a gold exchange standard which preserved silver internally while shifting to settlements in gold externally. Nonetheless debates on currency took place at Empire-Commonwealth level. At the early Congresses of Chambers of Commerce of the Empire advocates of bimetallism such as Henry Hucks Gibbs (a London merchant banker whose trade focused on Asia) pushed the remonetisation of silver with the interests of India (or rather British traders in India) prominently emphasised in his case. In the late-1920s pan-Empire-Commonwealth challenges to the gold standard re-emerged. Monetary radicals formed pan-Empire-Commonwealth networks to advocate alternatives. For example, stinging critiques of the gold standard emanated from the desk of A. De V. Leigh, secretary of the London Chamber of Commerce and of the Federation of Commonwealth Chambers of Commerce. They circulated widely even finding their way to the desk of William Mackenzie King, Canada’s Liberal prime minister.

In the end the sterling bloc formed de facto as Britain left the gold standard, becoming much more tightly regulated and controlled during the Second World War. By osmosis most of the empire-Commonwealth, excepting Canada, became a currency bloc. However, the Sterling Area was always conceived as a distinct entity. Perhaps as a result currency never acquired the symbolic significance of imperial preference.

C. Investment and Emigration

At the 1923 Imperial Economic Conference, Australian Prime Minister S. M. Bruce encapsulated the needs of the dominions as ‘men, money, and markets’, a tryptic woven

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45 Miller, Commonwealth in the World, pp. 77-79.
46 Schenk, Britain and the Sterling Area.
47 Keynes, Indian Currency and Finance.
48 Chamber of Commerce Journal, 5 August 1886, pp. 33-42; see also Green, ‘Gentlemanly Capitalism’.
50 Fieldhouse, ‘Metropolitan Economics’, p. 95.
into a homespun Commonwealth political economy by Sir Keith Hancock. Imperial Preference in part covered the markets, but men and money were indeed just as central to the underlying political economy of the core of the Empire-Commonwealth, Britain and the old dominions. The old dominions were the products, as James Belich has so fluidly charted, of nineteenth century settler capitalism (and settler colonialism). Dramatic imports of migrants and capital, both chiefly originating in Britain, underlay the dramatic expansion of all the dominions down to 1914. After 1918 the supply of both were curtailed, money more so perhaps than men. Bruce’s call at the imperial conference was essentially for the use of the mechanisms of voluntary association to be deployed in the dominion’s favour to increase their share of a smaller pie, a call based on their supposed virtues of loyalty and hence membership of a broader polity.

In the late nineteenth century, the flows of men and money were not particularly manipulated by the UK government, although the dominions themselves ran intensive campaigns to court migrants and woo investors. Edwardian Canada excelled at this as Wilfrid Laurier’s Liberal government, supported in London by the Canadian High Commissioner Lord Strathcona, boosted the ‘last best west’. Strathcona was also instrumental leading a campaign playing on the ‘loyalty’ demonstrated by colonial contributions to the second Anglo-Boer War to secure the passage of the 1901 Colonial Stock Act. This allowed trustees to invest in certain colonial stocks and hence allowed colonial and dominion governments privileged access to investment funds.

Other institutions provided investors with some reassurance when comparing imperial and foreign investments, particularly the role of the Judicial Committee of the Privy Council as the highest court of appeal for much of the empire (except where specifically restricted). After the Great War, the potential for intervention became greater. Overseas investments were subjected to greater regulation and direction by the UK government in the 1920s and 1930s.

There were also moves to promote intra-imperial migration, for instance the Empire Settlement Act of 1922 sought shift the flow of migrants towards the dominions. Underpinning the large movements of migrants lay deeper conceptions of citizenship (admittedly vague as Rachel Bright argues in this journal) tied up with common status as subjects of the crown. These conceptions could ease movements of labour within the Empire-Commonwealth. At the same time, as Bright has shown, curtailing movements of Asian migrants within as well as into the Empire (and doing so in ways that were compatible with supposedly overarching notions of imperial citizenship) were a central feature of discussion in Colonial and Imperial Conferences. Thus the 1897 conference agreed to the extension of the so-called Natal education test. Regulating migration and

51 Hancock, Problems of Economic Policy.
52 Belich, Replenishing the Earth; Veracini, Settler Colonialism. For the original use of the term ‘settler capitalism’, see Denoon, Settler Capitalism.
54 Constantine, Emigrants and Empire.
55 Magee and Thompson, Empire and Globalisation, pp. 89-91; Dilley, Finance, Politics, and Imperialism, pp. 103-110.
56 Wilson, Lord Strathcona, pp. 488-507.
57 Jessop, ‘Colonial Stock Act of 1900’.
58 Dilley, Finance, Politics, and Imperialism, pp. 92-97; Smith, ‘Patriotism’.
60 Constantine, Emigrants and Empire.
61 Gorman, Imperial Citizenship; Bright, ‘Migration, Naturalisation and the British world’.
62 Bright, ‘Asian Migration and the British World, 1850-1914’ See also Lake and Reynolds, Drawing the Global Colour Line.
citizenship thus became a key attribute of Empire-Commonwealth governance.

D. Taxation

Movements of people and money also created a further area of pan-Empire-Commonwealth cooperation: double taxation. The possibility that personal or commercial income could be taxed twice as it moved across state boundaries was not unique to the Empire-Commonwealth, but true of all global flows of income. Nonetheless the very intense levels of investment and trade combined with the tendency (at least until the mid-twentieth century) for wealthy individuals in the dominions to return to the UK made the issue particularly acute. Practices informal cooperation and the widespread imagination of the Empire-Commonwealth as a single political entity strengthened the possibility for action.

Double taxation entered discussions in business circles and at colonial and imperial conferences in the Edwardian period. Louis Botha raised the double taxation of death duties at the 1907 Imperial Conference. However the First World War made the issue more acute. Until then dominion finances had not rested significantly on direct taxation. The war changed that even as levels of taxation also rose in the UK. A further problem arose in that the UK tended to tax the income of residents while the dominions tended to determine liability by the location at which income was earned. This created overlapping liabilities. During the war business leaders in London pursued the matter both through the chambers of commerce movement and its imperial outworking – the British Imperial Council of Commerce, and through the formation of the Association to Protest Against the Duplication of Income Taxation in the Empire. Wartime conditions gave the movement a particularly powerful rhetoric, for during times of war the empire looked most like a single polity. Thus in 1916 one correspondent to The Economist argued that:

There is no imperial budget or imperial revenue, and every part of the Empire has furnished its own war contingent. It results that... imperial expenditure for war purposes falls on the municipal budget of each component of the empire... But an Australian resident in England pays a double contribution. He pays for the war contribution in Australia for the Australian contingent and again another contribution in England for the British contingent.

The situation was ‘unjust’ and ‘discriminatory against one class of the king’s subjects’. Finance Bills in 1915 and 1916 allowed some liability in the dominions to be offset against UK tax liabilities. The matter was taken up at the 1917 and 1918 Imperial War Conferences by the Canadian, Australian, and New Zealand Premiers. While delayed until the immediate aftermath of the war, in the early 1920s double income tax arrangements were concluded between the UK and most imperial locations, and the modus vivendi arrived at

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63 For one of the few overviews of double taxation, see Mollan and Tennent, ‘International Taxation’.
64 Sleight, ‘Reading the British Australasian Community’; Harper, Emigrant Homecomings.
68 Cd. 8566, Imperial War Conference, 1917, pp. 70-80; Cd. 917, Imperial War Conference, 1918, pp. 73-80.
largely allowed UK-resident tax payers to offset some tax paid in the dominions.\textsuperscript{69}

Empire-Commonwealth countries were not the only ones with which the UK negotiated double taxation arrangements in the interwar period.\textsuperscript{70} But arrangements were made early and possibly generously, notwithstanding that the UK government wished to avoid discriminating in favour of the Empire. It is suggestive that by the 1930s the UK Treasury considered the arrangements overly generous to the dominions.\textsuperscript{71} For the dominions such double taxation arrangements constituted a subsidy shaping investment in addition to the Colonial Stock Acts. This was an example of structured bilateralism within the Commonwealth generating early and potentially significant benefits for the dominions and for investors. Common loyalty, common citizenship, and the imagination of a virtual polity were central to bringing these arrangements into being before similar agreements with foreign powers.

E. Law

Trade and investment all take place within a framework of law and regulation. Although it is rather common to hold markets to be distinct from states, markets are made in part by the legal institutions that enabled their functioning.\textsuperscript{72} Commercial Law therefore encompassed an enormous area within which an Empire-Commonwealth political economy could be forged. The benefits of uniformity, consistently perceived by businesses mobilised through the chambers of commerce movement, could only be realised in a sporadic and unstable manner given the mechanisms of governance available. Nonetheless, until the second half of the twentieth century, and in the absence of robust international institutions or regional frameworks, voluntary and patchy harmonisation could be better than nothing.

In the heyday of imperial federation in the 1880s and early 1890s, the chambers of commerce movement endorsed calls to codify the commercial law of the empire. The idea as advocated at early Congresses of Chambers of Commerce by Professor Leone Levi in 1886 and Professor Dove Wilson in 1892 core was simple. They proposed a comprehensive codification encompassing all aspects of commercial law across the empire.\textsuperscript{73} Such a uniform concept ultimately ran against the emerging principle of voluntary association which condoned local variations. Still the diffusion of uniform or near uniform legislation on a case by case basis retained leverage down to the 1930s. A number of areas of law were discussed by businesses and found their way into the proceedings of imperial conferences: the adoption of uniform and decimal weights, measures, and currency; the mutual recognition of commercial arbitration awards; or uniform and mutually enforceable law on debt, copyright, patents and trades marks.\textsuperscript{74} Laws and regulations on such matters occupied much space in the final report of the Dominions Royal Commission published in 1918.\textsuperscript{75}

The example of Bills of Lading illustrates the operation of the system, its time lags and limitations, but also its potential to translate proposals into practice. Bills of Lading are contracts between shipping companies and shippers for the carriage of goods. They govern the respective liabilities of the shipping company and the shipper should goods become

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\item \textsuperscript{69} Archives Canada, RG/25/G-1/1748/566: Double Income Taxation in the Empire, 1935.
\item \textsuperscript{70} Mollan and Tennent, ‘International Taxation’, p. 1059.
\item \textsuperscript{72} Dilley, ‘Un-Imagining Markets’; North, ‘Institutions’.
\item \textsuperscript{73} Chamber of Commerce Journal, 5 August 1886, p. 20; ibid., June 1892, pp. 14, 47.
\item \textsuperscript{74} See for a typical selection, Congress Proceedings, 1906.
\item \textsuperscript{75} Dominions Royal Commission, Final Report.
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damaged. From the third quarter of the nineteenth century, shippers (as represented through the chambers of commerce movement) became increasingly discontented with the growing list of exclusions put in place by shipping companies. The problem was compounded by the growing concentration of the shipping sector which weakened the bargaining position of the shippers. After attempts at informal resolution, by the end of the nineteenth century legislation was demanded. Because a bill would necessarily be signed under one jurisdiction, usually that at point of departure, harmonisation was considered important for simplicity’s sake and to ensure shipping companies did not evade liabilities. The campaign on Bills of Lading persisted with minor success down to the First World War. After the war, the issue was then pursued at international level through the newly formed International Chamber of Commerce which, at The Hague in 1921 drew up a series of recommendations. These were given embodiment at the UK level in the 1924 Sea Carriage of Goods Act. Similar legislation then diffused out and was adopted in other Empire-Commonwealth countries – thus the Empire-Commonwealth served to promote an internationally-agreed framework. There was one exception. For a long time, Canada preferred aligned not with the UK but with the US Harter Act of 1893 on shipping liabilities. Thus Canada waited until the US moved into alignment with the Hague Rules in the mid-1930s. The complex morass of shared and partially shared laws remains to be charted comprehensively, but it is clear that its existence and possibilities animated generations of businessmen and policymakers.

F. Transport and Communications

Transport and Communications constituted a final major area of Empire-Commonwealth political economy. They laid the foundations of the flows of goods, services, people, money, and intervention that, in the end, underlay economic transactions in the Empire-Commonwealth. Operating through a combination of British subsidies and mutually agreed expenditure.

A host of activities fall under the aegis of communications: postal services, telegraph networks, shipping subsidies, wireless telegraphy, radio, and air transportation to name but a few. The creation of a network of inter-imperial telegraphic cables was one important project where this can be seen. In the 1880s and 1890s the Canadian engineer who oversaw the construction of the Canadian Pacific Railway, Sir Sandford Fleming, led a campaign across the UK, Canada and antipodes for the construction of a pan-Pacific cable with state support. The campaign found support in Australia and New Zealand where the route promised to reduce cable charges relative to the privately owned Eastern and Eastern Extension Companies. Spending by Australian states, Canada, and the UK was required to secure this end. Postal charges, coordinated across and reduced by multiple governments, were also a late-nineteenth century development which helped integrate the Empire-Commonwealth. The imperial penny post instituted in the UK in 1898 was an act of coordination which both symbolised integration but also facilitated integration by

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76 The issue was a perennial at the Congresses of Chambers of Commerce of the Empire. See for example, *Chamber of Commerce Journal*, 5 August 1886, pp. 42-48; Congress Proceedings, 1909, p. 81; Congress Proceedings, 1924, p. 15.
77 Archives Canada, Toronto Board of Trade, MG/28/III/56/146: Transportation and Customs Committee, 20 Sept 1933; Congress Proceedings, 1936, p. 27.
79 Thompson, ‘Sandford Fleming’.
Economic Governance in the Empire-Commonwealth in Theory and in Practice, c. 1887-1975

promoting information flows. It was the product of a campaign led by individuals like the Australia and UK-based journalist and politician John Henniker Heaton, and of coordination between different postal systems. Orders, catalogues, and other essential commercial ephemera all flowed more easily as a result. Subsidised shipping lines were yet another area where state intervention channelled patterns of communications. Again prior to the War, Canadian campaigners were particularly keen to secure fast steamship services in the Atlantic and Pacific. Through the first half of the twentieth century further areas of subsidy, by the UK or by the UK with agreement from other members. Wireless telegraphy and later radio became prominent in the Edwardian period and in from the 1920s. Air transportation was added to shipping as a priority by the 1920s.

All these areas required subsidies and that the lion share came from the UK state. Communications infrastructure shaped patterns of economic transaction Empire-Commonwealth and network formation. They thus created economic possibilities. As long as the Empire-Commonwealth remained a distinctive unit of political coordination, they helped lend it a distinctive political economy.

G. Assessment

Members of the British Empire-Commonwealth developed a high per capita propensity to trade with each other and to draw on British investment prior to 1914 which intensified during the interwar period. The principal economic relationships were bilateral, between Britain and individual territories. There were other smaller but significant exchanges for instance between Canada and the West Indies, across the Tasman between Australia and New Zealand, or from South Africa northwards. India was enmeshed in an inter-Asian trade system and Canada had powerful connections to the United States. Still, with Britain the principal Empire-Commonwealth economic partner of most other members. The changing significance of Empire-Commonwealth economic relationships can therefore be gauged in Figure 1 below which shows the proportions of total British trade accounted for by the empire, and specifically the dominions.

The significant and steadily growing portion of British trade with the Empire-Commonwealth and especially with the dominions cannot solely be attributed to aspects of economic governance described here. Their contribution must be set aside other factors: the cultural networks described by Magee and Thompson and Thackeray; and the shifting international economic situation, for instance growing protectionism and the relative decline in success of some sectors of the British economy in international markets in the interwar period. Still empire-commonwealth undoubtedly played a role, and one discerned and often deemed significant by contemporaries. Moreover and whatever its economic impact, down to 1939 the intensity of economic exchange within the Empire-Commonwealth frequently validated the political project of economic governance.

81 Matthew, ‘Heaton, Sir John Henniker, first baronet (1848–1914), postal reformer’.
82 Potter, News and the British World, pp. 68-82.
83 Congress Proceedings, 1903, pp. 62-64, 154-155.
84 These concerns can be seen in interwar debates within the Federation of Commonwealth Chambers of Commerce. See for example, Congress Proceedings, 1927.
85 Magee, ‘Importance of Being British?’, Magee and Thompson, Empire and Globalisation; Fieldhouse, ‘Metropolitan Economics’.
86 For examples, see Armstrong and Nelles, Southern Exposure; Tennent, ‘Management and the Free-Standing Company’; Phimister, Economic and Social History.
The empire-commonwealth system reached a zenith immediately after the Second World War. Imperial preference remained in operation. The sterling bloc hardened into a tightly controlled Sterling Area, managed to facilitate Britain’s war effort and then to address a large deficit in dollars. This intensification came at the expense of dollar-using Canada which saw trade to the sterling area curtailed. Import controls associated with the Sterling Area along with other measures such as bulk purchasing further intensified controls. In the tropical empire a new phase of constructive imperialism (the ‘second colonial occupation’) intensified the economic management and exploitation. With dollars scarce and much of the rest of the world decimated, trade within the empire-Commonwealth as a proportion of total trade peaked in the late-1940s (as Figure 2 below shows).88 The replacement of Imperial Conferences with more frequent, if less glamorous, Commonwealth Heads of Government meetings, along with meetings of Commonwealth finance ministers suggested an intensification of Empire-Commonwealth economic governance.89 Bouyed by wartime propaganda, belief in the system amongst British and dominion businessmen and politicians renewed.90

89 McIntyre, Commonwealth of Nations, p. 354.
90 Potter, Broadcasting Empire, pp. 110-144.
By 1975 the earlier mechanisms of economic governance in the Commonwealth had either vanished or receded. The changes were rooted in shifting international politics and economics as well as decolonization in the dependent empire. First newer more powerful international economic institutions emerged, some global in scope such as the World Trade Organisation, the International Monetary Fund, and the General Agreements on Tariffs and Trade; others regional, most notably the European Economic Community. All superseded the weak interwar international framework centred on the League of Nations. These new institutions required in varied degrees adherence to rigid rules which ran counter to and superseded the loose voluntary practices seen with in the Commonwealth. The new order curtailed the scale, scope, and significance of that cooperation. The Commonwealth would persist, from 1965 presided over by a secretariat, to pursue certain core values (development and anti-apartheid) but it would not promote tight knit collaboration. Bilateral cooperation, networks forged by history, language, the common law, migration, and culture would persist. These may perhaps have continued to generate some economic

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91 For an expanded version of the argument made here, see Dilley, ‘Un-Imagining Markets’.
advantages in terms of reduced transactions costs but not within a framework of active economic governance.\textsuperscript{94}

The erosion of the levers of political economy can only be outlined here. Change was not instant and through the 1950s a widespread belief in the possibilities of significant economic cooperation remained in place, for instance surrounding the 1958 Montreal Commonwealth Economic Conference.\textsuperscript{95} As late as the mid-1960s, Harold Wilson’s Labour government embarked on a Commonwealth trade drive in the wake of Charles De Gaulle’s veto of Britain’s first EEC application.\textsuperscript{96} However, notwithstanding the persistent hopes of governments and businessmen, the underlying realities had shifted: the field had changed. Imperial preferences were frozen under the 1947 General Agreement on Tariffs and Trade. Their value eroded and their pattern fell out of sync with a changing global economy.\textsuperscript{97} This took place before the UK’s pursuit of EEC membership which presaged their final abolition.\textsuperscript{98}

The Sterling Area was never intended to be a hermetically sealed zone and pressure to convertibility came from the US from the end of the Second World War. Although several earlier attempts to float the pound were unsuccessful, after 1958 the controls within the area were progressively dismantled.\textsuperscript{99} Coordination of legislation remained a possibility. As late as the mid-1960s the Federation of Commonwealth Chambers of Commerce thought, for example, that significant new Commonwealth arrangements on double taxation might be possible.\textsuperscript{100} But as the Commonwealth expanded, as its governments aligned with different regions, and pursued radically different approaches to economic management, the significance of such voluntary measures receded.\textsuperscript{101} Economic discussions at Commonwealth level – at the newly founded Commonwealth Secretariat and within a large penumbra of Commonwealth NGOs – focused on aid and development in the global South.\textsuperscript{102} As the possibility of economic governance receded, the two major pan-commonwealth business lobbies – the Federation of Commonwealth Chambers of Commerce and the Commonwealth Producers Association ceased activity. So too did the Commonwealth Industries Association – a group centred on the back-benches of the Conservative party and the descendant of Joseph Chamberlain’s Tariff Reform League.\textsuperscript{103} Of course, trade (on a much-reduced scale, see Figure 2) remained between Commonwealth countries, but that trade ceased to be distinguished by a distinct framework of economic governance.\textsuperscript{104}

\textsuperscript{94} Bennett and Sriskandarajah, ‘The ‘Commonwealth Effect’ Revisited’. See also Murphy, Empires New Clothes, pp. 203-217.
\textsuperscript{95} Miller, Survey of Commonwealth Affairs, p. 283.
\textsuperscript{96} Ashton, ‘British Government Perspectives’.
\textsuperscript{97} McKenzie, Redefining the Bonds of Commonwealth.
\textsuperscript{98} Ogawa, ‘Britain’s Commonwealth Dilemma’; Ward, Australia and the British Embrace; May, ‘Commonwealth’.
\textsuperscript{99} Schenk, Britain and the Sterling Area; Strange, Sterling and British Policy.
\textsuperscript{100} FCCC Papers, CLC/B/082/MS18291: ‘Report of Special Taxation Committee on “Double taxation within the Commonwealth”’, 1964.
\textsuperscript{101} Miller, Survey of Commonwealth Affairs, pp. 439-462.
\textsuperscript{102} Bangura, Britain and Commonwealth Africa.
\textsuperscript{104} See the various editions of Commonwealth Trade published from the 1950s to the mid-1970s by the Commonwealth Economic Committee.
VI Conclusion

This article has argued that for all the revival of interest in the economics of empire, historians have not given enough attention either empirically or more especially conceptually to the interplay of politics and economics in the Empire-Commonwealth, to the possibilities, practices, contests, and compromises of economic governance. This is not to revive claims of British ‘control’ (the debate on British economic imperialism – exerted through informal means – is ongoing and distinct). Nor is it to assert an even stranger claim that somehow the centralising dreams of imperial federationists such as Lionel Curtis in fact succeeded. Rather it is to reclaim the varied practices of governance through which the decentralised Empire-Commonwealth nonetheless sought to cooperate economically, and to prompt a re-examination of the various areas in which this governance operated. These areas stretched beyond the totemic issue of tariffs through currency, migration and investment, taxation, law and regulation, and transport and communications. While some contemporaries and more post-1945 analysts have tended to question their effectiveness, they still constitute one of the most significant attempts at supranational economic cooperation prior to 1939. The Empire-Commonwealth framework of economic governance existed, was recognised and debated by contemporaries, and had at least some impact.

After 1945 the global context changed; international institutions became more binding. The Empire-Commonwealth became a post-colonial Commonwealth with a larger and more diverse membership, focused on development but less concerned to maintain a distinctive political economy. Global trade shifted into north-north exchanges; Britain’s trade swung towards Western Europe. Practices of Empire-Commonwealth economic governance faded before they were finally truncated by British entry into the European Economic Community. Now, as the binding global architecture of the post-1945 order again comes under acute and economically disruptive challenge, and as nation-states reassert their sovereignty, the need for historians to recognise and study the political economy of the Empire-Commonwealth framed precisely around the goal of reconciling cooperation and flexibility and autonomy has become a contemporary as well as a historiographical imperative.

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105 For a classic statement, see Fitzpatrick, British Empire in Australia. The modern debate now continues between Cain and Hopkins and their critics. See particularly Cain and Hopkins, British Imperialism, and the essays in Dumett, Gentlemanly Capitalism and British Imperialism.

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