

OTTAWA : AN ASPECT OF IMPERIAL

COMMERCIAL POLICY

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This paper is circulated for discussion purposes only and its contents should be considered preliminary

This paper considers an aspect of Imperial Commercial Policy at a time when reversals in commercial policy were taking place, and it questions whether the agreements reached at the Ottawa conference of 1932 were of significance for the U.K. and the Dominions or whether trends in trade simply continued as they had been developing. Specifically we shall look at the evolution of the quota system and at the quotas themselves in an attempt to ascertain the effect of these on the respective market shares of Britain's major suppliers of an important commodity. In the late 1930s, The Economist rightly said, "How far did it {Ottawa} promote trade ... these are questions that can be answered only by the most intricate and detailed examination of the statistics, item by item ..." ⁽¹⁾ and this study seeks to answer that question in part and is therefore restricted to the chief livestock product (meat), the point in selecting this commodity and examining the effects of Ottawa on it arising out of its importance to the U.K. producers and consumers and to the Dominions.

Meat was the second most important item in world trade in the inter-war years, and Britain was the central market for the product. ⁽²⁾ Indeed meat was not only the largest single item by value of British Class I imports but the largest of all imports listed in the Statistical Abstract ⁽³⁾ It constituted approximately one quarter of all Class I imports and was seldom less than 10% of all imports throughout these years. At the same time roughly half of total British meat supplies were produced domestically. ⁽⁴⁾ To

(1) The Economist, 1st May 1937, p.266

(2) J.W.F. Rowe, Primary Commodities in International Trade (Cambridge, 1965); World Trade in Agricultural Products (International Institute of Agriculture, Rome 1937), p.184. Lamartine Yates, Forty Years of Foreign Trade (London 1959), p.80. Before 1913 Britain took over 80% of world meat imports and in the inter-war period only slightly less.

(3) Statistical Abstract of the United Kingdom, Annually 1920-40

(4) Ministry of Agriculture & Fisheries, Meat : A Review of Production, Trade Consumption and Prices, Annually 1935-1950

Britain's major suppliers the product was of greater importance. In New Zealand as in Argentina it was a major earner of foreign exchange and in Australia although it was of less significance it was regarded as being a vital element of the export sector. (5)

We look first at the somewhat haphazard manner in which the policy was arrived at by considering the approach to the conference, the negotiations there and the ad hoc arrangements made after the conference concluded. We find that little preparation for the conference was made in regard to this item, only vague agreements concluded at Ottawa, and these later discarded by an increasingly panicky British government. And in the longer term as far as this commodity is concerned the evidence points to the irrelevance of Ottawa. (6)

I

Firstly how did the protectionist and/or preference policy arise? On the one hand we have the view that the events of 1931-1932 represented a dramatic volte face on the part of British Commercial Policy. (7) On the other hand we are presented with a picture of a slow movement away from the free trade position from as early as the closing years of the nineteenth century. (8)

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- (5) In June 1932 in a note to the British Government the Australians stated: 'The Commonwealth Government regards the question of effective assistance of the Australian meat industry by the U.K. as being of paramount important and as conditioning the success of the Ottawa Conference', PRO BT/11/92 28th June 1932
- (6) The Economist believed that what emerged from George Schuster's analysis, "Empire Trade before and after Ottawa" was that intra-imperial trade was larger in 1933 than in 1931 and that it was "obvious that Ottawa preferences have played an important part in bringing about the shift", 3rd November 1934, pp 816 817.
- (7) This was the view taken by many of the periodicals of the period, e.g. The Economist referring to the Abnormal Importations Act commented, 'This week marks a new and critical chapter in the economic history of Britain', 21st November 1931, p.943. (Three months earlier this weekly had argued: 'Imperial Preference as a practical proposition cannot be presented today as a means to freer trade', 31st August, 1931 p.496)
- (8) See e.g. D. Abel, A History of British Tariffs, (1943), F. Benham, Britain Under Protection (1941), W.K. Hancock, Survey of British Commonwealth Affairs : Problems of Economic Policy, 1918-1939, (1940)

Sir Keith Hancock illustrates the latter view most colourfully: the free trade citadel being peppered by Colonial sharpshoots from 1887, then the Birmingham heavy artillery coming in - the walls breached between 1915 and 1923, patched up again only to collapse totally in 1931-1932.⁽⁹⁾

There can be no doubt the walls collapsed, i.e. Britain was no free trader after 1931-1932. But the question is: did she move inexorably towards this position or was it a desperate policy of depression years? In order to decide we should have to consider such questions as whether the duties imposed between 1900-1930 were revenue or protective in design and effect, and decide whether the extent of goods subject to tariffs was of a size sufficient to justify description of policy as protectionist. And further to decide what was the extent of 'legitimate', infant industry protection. There are no clear answers to these questions but the following table illustrates the extent to which goods were subject to tariffs before and after 1931-1932.⁽¹⁰⁾

TABLE 1

EXTENT OF PROTECTION IN BRITAIN
1930 - 1932

	1930	1932	
		Pre Ottawa	Post Ottawa
% of imports free of duty	83.0	30.2	25.2
% of imports subject (10%	-	32.9	28.3
(
to Duty of: (11-20%	-	15.3	21.8
(
(20%	-	4.6	7.7

(9) Hancock, op.cit. p.200

(10) From E.V. Francis, Britain's Economic Strategy (1939) quoted in S. Pollard, The Development of the British Economy 1914-50, (London 1962) p.197. For some discussion of how these preferences were negotiated at Ottawa see Ian M. Drummond, British Economic Policy and the Empire 1913-1939 (George Allen and Unwin, 1972) Pt.I Ch. 3 pp 90-99

A more difficult issue to reach agreement on is what distinction if any was being made in the 1920s between notions of protection and those of preference.⁽¹¹⁾ Economics demonstrated unequivocally that Free Trade was the only true Faith. But the neo-classical gospel did not exclude a preferential trading system such as would operate in a customs union. Hicks and Beveridge said: 'Protection and preferential trade though often treated as two halves of the same policy, are distinct policies and may in practice be inconsistent policies. The essence of protection is the discouragement of imports. The essence of preferential trade is the encouragement of some imports rather than others, with a view to securing markets for exports. Protection negatives international trade. Preference aims at developing international trade by giving it assured channels. In their extreme form of a customs union with a high tariff against the rest of the world but no barriers within the union, arrangements for preference may be viewed as the most practical way of securing the largest possible measure of Free Trade.'⁽¹²⁾

There was undoubtedly confusion over this at the time. Those who advocated preferences were mostly regarded as anti-Free Traders. At the 1923 Imperial Economic Conference a strong statement was made by the participants in favour of Imperial Free Trade.⁽¹³⁾ But how the individual participants regarded this is not known. Clearly it might have been seen as a protectionist policy or on the other hand interpreted as the best route to Free Trade. In the election campaign in Britain that same year, Baldwin

(11) MacDougall & Hutt say: 'Even before Ottawa ... {Britain} gave preferences (admittedly high ones) on only 7% of her imports from the Commonwealth, making an average rate of preference of 2-3% on all her imports from British countries', Donald MacDougall and Rosemary Hutt, 'Imperial Preference: A Quantitative Analysis', E.J. 1954, p.256

(12) Sir William Beveridge & Mr. J.R. Hicks, 'The Possibilities of Imperial Preference', in Sir William Beveridge (ed.) Tariffs: The Case Examined (Longmans, Green & Co., 1932) p.135

(13) B.P.P. Vol. VII Cmd. 1987

missed his footing on a protectionist plank and the Tories lost. The electorate feared the loss of cheap food. While there was support for the idea of strengthening Empire trade, this was not to be accomplished with protectionist measures which would raise the price of imported foods.

The notion of Imperial Preference was in fact stronger in the Dominions where its practice appears to have originated. Canada gave preference to British goods in 1897, New Zealand followed in 1903, South Africa in 1904 and Australia in 1907. These were not extensive preferences but they were the beginning of the movement.⁽¹⁴⁾ The Empire Marketing Board after 1923 helped spread the idea that intra-Empire Trade was the most desirable kind of trade, and the Imperial Economic Committee promoted similar ideas.

Two strands of thinking, promotion of Empire trade and protection, were developing side by side. There were protective duties being imposed in Britain in the 1920s e.g. key industry duties where tariffs of $33\frac{1}{3}\%$ were imposed on some items, under the Safeguarding of Industries Act (1921 & 1925). At the same time preferences were being granted to British goods in the highly protectionist Dominions, and some preference was given to Dominion products in the U.K.⁽¹⁵⁾ Yet the two strands of thinking were confused in the minds of politicians and public alike and the confusion was compounded when people like Beaverbrook campaigned under the slogan 'Empire Free Trade',⁽¹⁶⁾ focusing attention on the Empire while retaining the appeal of Free Trade.

(14) For a background, see David L. Glickman, 'The British Imperial Preference System', Quarterly Journal of Economics, May 1947, pp 439-443

(15) See Drummond op.cit.; H.W. Arndt, The Economic Lessons of the Nineteen-Thirties (OUP, 1944) pp. 102-110; J. Henry Richardson, 'Tariffs, Preferences and Other Forms of Protection' in Britain in Recovery, (London, 1938)

(16) Beaverbrook actually produced a pamphlet with this title. It is undated but was probably published in 1931

Such was the position at the end of the 1920s and it was with this back-drop of confusion that delegates met at the Imperial Conference in London in 1930.

II

The Imperial Conferences of 1923 and 1926 had concerned themselves to some extent with Empire trade and even specifically with meat, though little or no action was taken subsequently.⁽¹⁷⁾ In years of increasing swings to protectionist thinking emotive phrases in favour of strengthening Empire ties abounded, and 'family' feelings were stirred up and used in helping to determine the direction of trade.⁽¹⁸⁾ The Ministry of Agriculture's Marketing and Meat Report of 1929 followed in this vein by drawing out the quantities of Empire as opposed to 'Foreign' meat consumed in the United Kingdom. The report showed that 17% of Smithfield market supplies were 'Home', i.e. British produced and that 'foreign frozen meats through substitution falsely displace home-killed supplies'.⁽¹⁹⁾ The report went on to claim that 'foreign food importation is a virulent policy, destructive in all its phases, against the national interest, encourages profiteering and results only in dear and mostly impure foods to the detriment of the health of the workers ...'⁽²⁰⁾ This less than objective denouncement is indicative of the mood of the time.

At the 1926 Conference it had been claimed that the percentage share of imports of meat to the U.K. from the Empire was 20.9. It was further claimed that: 'there is room for a large measure of substitution of Empire cattle for home-killing instead of foreign meat. There is in Great

(17) The conclusion of the Food and Materials Committee of 25th October 1923 was simply to promote mutual trade in the Empire and extend the policy of Imperial Preference. P.R.O. MAF/60/158

(18) See Beaverbrook pamphlet already mentioned and another pamphlet entitled My Case for Empire Free Trade. There was no analysis in either pamphlet. There was a good deal of emotive language

(19) P.R.O. MAF/52/106 Scheme for Better Marketing of Livestock and Meat.

(20) ibid.

Britain a preference for fresh killed meat and an ever-increasing demand for fresh meat'.⁽²¹⁾ The pressure for allowing in more cattle came from the Canadians and the Irish.

It was with these notions of decreasing foreign imports and increasing Dominion imports of meat that the 1930 conference was approached. The Conference began in London on 1st October 1930 and ran through until mid November.⁽²²⁾ It was not unlike other Imperial Conferences but there was more attention given to economic matters. Ramsay McDonald announced the business of the Conference as being concerned with three spheres:

1. Inter-Imperial relations in the political and constitutional field.
2. Foreign affairs: the objective to secure world peace.
3. 'the world is suffering from an acute depression of of trade ... what we have to consider at this conference is, I suggest, what practical measures we can devise for helping one another, and thereby helping us all ...'⁽²³⁾

Once the Conference was underway the Committee on Economic Co-operation examined questions concerning the adoption of quotas for commodities other than wheat, import boards and bulk purchase schemes. Little preparatory work had been done though and the Conference resolved that, as they had not been able to examine fully the various means by which Intra-Imperial trade might be extended, the Economic section should be adjourned to meet at Ottawa within

(21) B.P.P. 1926 Vol. XI, Cmd. 2769

(22) B.P.P. 1930-1931 Vol. XIV Cmd 3717

(23) B.P.P. 1930-1931 Vol. XIV Cmd 3718 p.8

the next twelve months.⁽²⁴⁾ Bennett the Canadian Prime Minister said 'we might have hoped to accomplish more'.⁽²⁵⁾ Scullin of Australia was grateful that 'If no decisions had been arrived at, ... the desire to have Intra-Imperial trade, will, ... give wonderful impetus to the voluntary preferences that are given by the peoples of the various countries for Empire goods'.⁽²⁶⁾ Forbes of New Zealand rested content that 'ties of friendship and of sympathy based upon kinship and common blood are, we think stronger than any document' and 'we leave it to the goodwill of the people of the United Kingdom to purchase our products wherever possible.'⁽²⁷⁾ And so the respective Prime Ministers would up. It is well known that the Dominions were heavily dependent on the British market. New Zealand was above all, sending around 80% of her exports to the U.K., in the twenties. Australia too was highly dependent with 40% of her exports going to the U.K. market. Canada was less dependent but still sent more than 25% of her exports to Britain.⁽²⁸⁾ One might have expected more concern on the part of the Dominions to safeguard such a market. Apparently they simply could not conceive of Britain letting them down.

The desired meeting at Ottawa within twelve months had to be postponed after the financial troubles and the change of government in the United Kingdom in 1931 and arrangements were made to meet in July 1932.

Some attempt at instigating preparatory work of a serious nature and in some detail was made by the British government. In December 1931 this

(24) B.P.P. 1930-1931 Vol XIV Cmd 3717. Nicholas Mansergh provides some background to this in a brief discussion of the earlier conferences in The Commonwealth Experience (Weidenfield and Nicholson, 1969) pp 212-238

(25) B.P.P. 1930-1931 Vol XIV Cmd 3718 p.244

(26) ibid. p.247

(27) ibid. p.248. See Drummond op.cit. pp 67-69 for a brief discussion

(28) Hancock, op.cit. pp 306-11. India sent around 25%, Eire 90% and South Africa 50%

government sent a telegram to all the Dominions requesting that their respective experts meet soon to discuss which British exports to them could be increased. With the Dominions concurring, a schedule of British goods (submitted by the Chamber of Commerce and Federation of British Industries and agreed by the Board of Trade) was sent to the Dominions.⁽²⁹⁾ The Dominions were asked to indicate for each item on the schedule whether an increased or new margin of preference for United Kingdom goods:

- a. would be conceded independently of any concession in return.
- b. would only be conceded if an adequate concession were made in return.
- c. would not be conceded in any circumstances.⁽³⁰⁾

This was as much a follow-up of the 1930 Conference in seeking confirmation to the very general agreement at the Conference that there should be reductions in barriers to intra-Empire trade or at minimum some increased preference to the U.K., as it was an opening of the road to the 1932 meetings. At this very early stage of the negotiations there was no question of the possibility of concessions being made by the U.K. on Dominion produce, being discussed. In fact it was accepted in Britain that the existing preference together with the Import Duties Act would be sufficient for the Dominions. This is a little surprising because although Imperial Preference was granted after 1919 it amounted simply to a rebate of one-sixth of existing revenue duties on imports into the United Kingdom. And the 10% tariff introduced in February 1932 under the Import Duties Act, left exempt the raw materials and chief foodstuffs which comprised the vast bulk of the Dominions' exports to the U.K.; that is to say it was of meagre benefit to the Dominions.

(29) P.R.O. BT/11/49, December 1931

(30) P.R.O. BT/11/55, January 1932

Nevertheless, these were the preliminary moves and they might have offered a promising start had it not been for the fact that most of the Dominions involved were only paying lip service to the U.K. intentions and began a long series of delaying tactics. The British Department of Overseas Trade detected opposition from the New Zealand 'experts' at an early stage. The two experts Craig and Clinkard were described as 'die hard freetrader' and 'die hard protectionist' respectively.⁽³¹⁾ Clinkard was 'quite unable to see the other man's point of view, and will take precisely the opposite view to Dr. Craig'.⁽³²⁾ A dispatch from H.M. Trade Commissioner in Wellington indicated the mood prevailing in New Zealand: 'What is the use of going to Ottawa? Everyone here assumes that the U.K. is so benevolent that having offered the 10% it is permanent and there is no need to offer anything in return. As soon as I meet the New Zealand experts whoever they may be I will disabuse their minds at once...' The Commissioner went on to say, 'New Zealand considers that by her scheme of Imperial Preference she is now doing more than her fair share' and further 'most people (in New Zealand) have parochial minds ... they want to show that existing customs duties in the U.K. give as much benefit to N.Z. as existing duties in N.Z. for for the United Kingdom. Village pump politics'.⁽³³⁾

The other two Dominions concerned with meat were Canada and Australia and they both demonstrated a like reluctance to do any serious detailed preparatory work. From the Trade Commissioner in Canada came the following dispatch: '... the Prime Minister stated recently that he does not think there is any need of a great amount of preparation in connection with

(31) P.R.O. BT/11/55 Commercial Relations. Letter 18th March 1932. Dr. Craig was Comptroller of Customs in New Zealand and C.W. Clinkard was Head of the Department of Industries and Commerce

(32) ibid.

(33) P.R.O. BT/11/55 Commercial Relations Dispatch 5th March 1932

tariff or trade proposals for the Conference and that Ottawa is worried more about the Conference formalities than anything else.'⁽³⁴⁾ And from Australia a similar mood was reported. There was only a vague feeling of what would be encountered at Ottawa. In January 1932 Trade Commissioner R.W. Dalton's letter from Australia said: 'there is some idea here of endeavouring to get something for nothing out of Ottawa'.⁽³⁵⁾ He indicated that preliminary discussions were proving difficult and the feeling was that Australia would press for assistance at Ottawa for her major primary products in order to obtain higher prices. In fact Gullett hinted that Australia would make arrangements with foreign countries if Ottawa did not yield anything satisfactory.⁽³⁶⁾ By March of 1932 the news from Australia like that of other Dominions was that no list of concessions had been prepared. The feeling in all three countries was that they had extended preference to the United Kingdom over a long period and it was now time for the U.K. to reciprocate beyond the measures already given under the Import Duties Act introduced in February of that year. The Dominions were in fact largely ignoring the schedule circulated by the U.K. and where active at all were thinking solely in terms of how they might improve the prospects of their primary products.

Throughout the 1920s as we know, the prices for primary produce were falling, and the products of the Dominions were no exception, though in some cases the fall was less severe than others. In general the terms of trade moved against primary producers. Increasing pressures on their overseas payments position saw them move to increasingly protectionist activity from the mid-twenties onwards.⁽³⁷⁾ By early 1932 they had little time for

(34) P.R.O. BT/11/58 Commercial Relations Dispatch 18th March 1932

(35) P.R.O. BT/11/70 Letter 27th January 1932

(36) ibid. Letter 2nd February 1932

(37) Although an interesting ratio, the import/export ratio, in fact turned in Australia's favour over the 1928-29 - 1931-32 period. See S.G. Triantis, Cyclical Changes in Trade Balances of Countries Exporting Primary Products in 1927-33. A Comparative Study of Forty-Nine Countries, (Toronto, 1968), p. 101

giving concessions, all their thoughts were for the protection, and meat featured prominently in their thoughts. (38)

In April the Australian representative MacDougall had stressed that at Ottawa meat would be 'a very important factor indeed'. (39) The Australians believed that given progressively more favourable treatment from the U.K. they could make steady progress in beef and they could fully exploit the potential they possessed in mutton and lamb. Their concern was to secure an expanding share of the British import market in mutton, lamb, and beef and it was this which dictated the tactics of her delegates. Their representatives went so far as to compare the Australian meat industry with the great staple industries of the U.K.. The reason for attaching this importance to meat was that meat, wool and wheat accounted for 72% of the agricultural production of the country and since there was no question of any concession being made for wool or wheat, (these being the subject of international agreement), the success or otherwise of the Ottawa Conference depended, from the Australian point of view on something being done for meat.

MacDougall had three suggestions to put to the British representatives at these pre-Ottawa discussions. Firstly that Britain could consider imposing duties on meat without quantitative regulation. He did not believe this to be the answer. Secondly a quota without duties may be a possible solution. But his own preference was for a duty-quota scheme which would severely restrict supplies of all South American meats. He proposed that foreign meat imports should be restricted to 90% of 'normal' amounts and that in addition the following duties operate:

(38) The Economist commented that the Dominions were only paying lip service to free trade whilst insisting that the U.K. raise tariffs against foreign countries, July 1932, p.212

(39) P.R.O. BT/11/92 Meeting 29th April 1932

Chilled and frozen beef)	
Frozen mutton)	¾d./lb.
Pork)	

Frozen lamb)	1d./lb. (40)
Bacon and ham)	

Whiskard, (Vice-Chairman of the Overseas Settlement Department at the Dominion Office), told MacDougall that not only did Britain appreciate the importance which the Commonwealth attached to meat but MacDougall should impress upon his Prime Minister Bruce that the Commonwealth should appreciate the importance Britain attached to it. (41)

Of more importance to the British negotiators at this stage was the original schedule and they constantly pressed for information as to the progress being made on it by the experts in Australia. The answer given at the end of May from the Dominion was the same as that being offered in London by its representatives: 'The Commonwealth Government attach as you are aware the greatest importance to obtaining concessions on meat. In almost every conversation I have had recently with ministers this point has been mentioned and their enthusiasm in their exploration of possibilities of concessions to the U.K. would it would seem be increased if they knew that there was a reasonable prospect of their obtaining some assistance for this product. (42)

This issue of meat together with the delicate political situation in Australia meant that no conclusions were reached on the U.K. schedule before the Australian delegation left for Ottawa.

(40) P.R.O. BT/11/92 Meeting 28th June 1932

(41) P.R.O. BT/11/92 Meeting 29th June 1932

(42) P.R.O. BT/11/70 Telegram 24th May 1932. See too DO/114/42 Telegram 9th May 1932

Meat was the item causing greatest concern in Australia. It was even more important to New Zealand where it had been earning 20-25% of export revenue. The U.K. tried to forestall any pressure from this Dominion in early June when it notified the Trade representative that any examination of the quota system (originally an Australian suggestion) would have to await discussion at the conference since it raised important questions of principle. But the reply from New Zealand was equally stubborn: 'Producers' delegates are confident that if you can concede quota system it will be politically impossible for N.Z. to refuse you any concessions upon which you place importance.'⁽⁴³⁾ It should be appreciated that the enthusiasm for a quota system both on the part of the Australians and New Zealanders stemmed from the fact that they saw the limitations being imposed only on foreign supplies of meat entering the U.K. and not at all on their own goods. New Zealand had visions of the quota system being extended to both dairy and horticultural produce, and had also indicated that for the removal of mutton and lamb from the 'Free List' (of Import Duties Schedule) substantial concessions to Britain would be made. In early June a telegram from the Trade Commissioner in Wellington read: 'Secret meetings of delegates to Ottawa took place yesterday. Reciprocal concessions of outstanding importance in return for removal of mutton and lamb and pork from free list ...'⁽⁴⁴⁾

Had it been left to the Canadians the Conference may well have been just another expression of vague feelings of warmth for one another. A note from the High Commissioner in Canada in late March 1932 expressed the feeling that the Conference 'should concern itself with principles rather than details.'⁽⁴⁵⁾ The principles were to be that tariffs should be adjusted to give Empire producers an advantage over foreign producers. This was merely a reiteration

(43) P.R.O. BT/11/55 Telegram 20th June 1932

(44) P.R.O. BT/11/96 2nd June 1932

(45) P.R.O. BT/11/58 26th March 1932

of the meetings of the twenties, and the desire for preferential treatment. Clark the Trade Commissioner in Canada was frequently critical of the 'elusive Bennett who wouldn't get down to details.'⁽⁴⁶⁾

The other Dominions, South Africa, Rhodesia and Newfoundland were almost insignificant as meat producers though in an attempt to get their beef industry well established they joined this general chorus demanding preferential treatment. They also believed they had a stronger case since they had unfavourable bilateral payments positions with the United Kingdom.

Thus whereas in early 1932 the U.K. had issued a schedule expecting unilateral concessions from most of the Dominions and was only prepared to negotiate bilateral and multilateral concessions at Ottawa, the Dominions were unwilling to give anything away without themselves knowing what the reciprocal treatment would amount to. Delegates from all sources therefore prepared to leave for Ottawa without any of the essential preparatory work having been done.

Some mention might be made at this stage of the Empire Marketing Board, not because of any positive results it achieved but rather because its work was more in keeping with the expression of goodwill outlined above. The Board itself declared that its task was 'to advertise an idea rather than a commodity',⁽⁴⁷⁾ and that idea was the promotion of Empire goods. The Board did prepare a number of reports on individual products though none on meat. In 1931 the limitation of the Board's work to the furtherance of marketing in the United Kingdom was removed and the Board became empowered to further marketing of Empire products in any part of the world.⁽⁴⁸⁾ But in the next year the Board was wound up.

(46) ibid. Dispatch to London dated 11th May 1932

(47) Empire Marketing Board, Annual Report 1927-28. p.39

(48) Dominion Office List 1940 p. xcii

III.

By the middle of 1932 the world economy was in the deepest trough of depression. Conferences had come and gone - agricultural research conference, Imperial Conference, World Conferences. Throughout the 1920s they met, talked and disbanded without any significant action being taken to solve or attempt to solve the enormous problems of the period. The Wall Street crash of October 1929 had dealt a critical blow to confidence; tumbling prices from before then; a drying up of the fount of capital flows; the terms of trade becoming increasingly unfavourable to primary producers; the financial crisis in Europe culminating in the collapse of the gold standard in Britain in September 1931; political upheaval in many countries - this was the background to 1932.

In these years countries took increasingly to protection, the addition of tariffs being applied either in retaliation or in anticipation as added bargaining power for the future. The trading world of multi-lateralism was giving way to one of bilateralism. Ottawa was to become simply an extension of this tendency, twelve bilateral agreements being signed ⁽⁴⁹⁾ and no multilateral agreement concluded.

In the midst of this depression for almost all countries, but more particularly for traders in primary produce, we must place the

(49) B.P.P. 1931-32 Vo. X Cmd. 4175 p. 62. Seven of the agreements were between Britain and other individual Empire countries. An analysis of the Conference and its results can be found in Drummond op. cit. CH 3 'Ottawa and After'. H. V. Hodson places the Conference in the context of other international efforts at reconstruction, in Slump and Recovery (OUP, 1938) CH V.

British farmer. World agriculture was depressed throughout the twenties. Even in America where unprecedented boom conditions existed in the economy overall, agriculture was depressed. British agriculture was in a similar state. The representatives of the industry were vocal. Why was the home market not being protected ? Why was foreign produce not banned if necessary ? How could prices recover when the market was being swamped by produce from overseas. These were the questions they raised. The crux of the problem as they saw it was to raise prices. And what was to emerge at Ottawa as a solution, was protection, with Britain first, the Empire second and the rest of the world last.

We have already indicated the questions which must be answered. Broadly we wish to determine whether or not the analysis of the problems in the period was correct and to consider whether the remedies employed were successful. Our conclusions are that the analysis was weak and that the remedies were not the most appropriate. However at this stage we simply pose the question: how did the Empire set about resolving the problem as they conceived it ?

The delegates to the Conference at Ottawa as we have seen were less than well prepared for what had been hoped, on some sides at any rate, to have been a major attack on the trade depression and difficulties of the period. The Canadian hosts were perhaps the most extreme manifestation of this lack of concern for detail. Prime Minister Bennett seemed more interested in the fact that Chamberlain with his Imperial connections should

be there, and as suggested above, with the formalities.⁽⁵⁰⁾ Most delegates seemed to believe that a demonstration of Empire unity, with sufficient pomp and circumstance would solve the intra-Empire and world trade problems. Few delegations included monetary experts in a period of international monetary upheaval and to a conference almost wholly concerned with international trade. Mr Bruce, the chief Australian delegate, in his opening speech said, 'the eyes of the world are upon us in hope and expectation,'⁽⁵¹⁾ and went on to say that there must be an increase in commodity prices, a restoration of confidence and an easing of the burdens of debtor countries.

In the supplementary opening statements some of the grievances began to be aired.⁽⁵²⁾ Mr Bruce claimed that the British preference being extended to the Dominions under the Import Duties Act was a tardy response to thirty years of Australian preference, and Australia had come looking for a better deal. Havenga of South Africa made immediate his enquiry as to the possibility of South Africa entering into the chilled beef trade. Baldwin on the defensive replied that the U.K. had 'played the game' with the Dominions: Havenga in turn claimed this was untrue and so the stage was set for some bitter wrangling. Indeed it may have been the lack of preparation on both sides which led to the bitterness of the bargaining.

(50) Bennett opened his concluding speech: 'Gentlemen, some of you are aware that this conference was so arranged that the birthday of the Lord President of the Council would fall while he was present at Ottawa...' and presented the Lord President, (Chamberlain) with a silver salver. In his diary of 20th August Chamberlain noted that Bennett was 'Full of high Imperial Sentiments, but he had done little to put them into practice', see Keith Feiling, The Life of Neville Chamberlain, (London, 1946) p. 215.

(51) B.P.P. 1931-32 Vol. X Cmd. and 4174. Annex I p. 76.

(52) ibid. Annex II.

As W. K. Hancock said: 'The British Government ... had not foreseen what they would do at Ottawa - they had gone thither in a spirit of high moral purpose and acquisitiveness wishing the whole world well.' (53)

The question of meat and its particular place in these discussions is what we are interested in. Our purpose will therefore be to look most closely at the talks held between the Australian and U.K. delegates and between New Zealand and U.K. delegates, those two Dominions being primarily concerned with meat. Other Dominions were interested in the question, e.g. South Africa and Southern Rhodesia in chilled beef, Canada in pig products, but with them it was one item in the export list among many other and more important ones.

In the exploratory talks of early August in Ottawa, Australia's Prime Minister Bruce put forward the proposal that foreign chilled beef be allowed in free up to 90% of the normal amount and then that a duty of threepence per pound be imposed. When pressed to be more specific he said he was only concerned, 'to prevent a tremendous increase in shipments of second grade chilled beef to the U.K. to the detriment of Australia's frozen beef trade'.⁽⁵⁴⁾ Lord Hailsham at this stage pointed out that there would be great difficulty in imposing a duty on any meat imported into the U.K. and at this there seemed to be no real surprise in the Australian delegation. In fact the U.K. delegation made it clear at this meeting that they did not think there was a case at all for imposing a duty on beef. L. S. Amery in his account of the conference says: 'It was not till after three weeks of negotiation that the Dominions were told for the first time that no duty on meat, however small, would be considered.

(53) W. K. Hancock, Survey of British Commonwealth Affairs, Vol. II (London, 1940) p. 229.

(54) P.R.O. BT/11/91 Meeting 5th August 1932. By 'second grade chilled' he meant Argentine beef. But chilled was always better than frozen.

This was a staggering surprise to both Australia and New Zealand who had certainly gathered from earlier telegrams that such a duty was not excluded. Coates came to me saying bitterly that if he had known our attitude he would never have come to Ottawa at all.' (55) This does not seem to be an accurate assessment of the mood neither does it reflect truly the facts. The U.K. delegation at the above meeting said that they may consider putting a duty on foreign mutton and lamb (so Coates must have been hopeful) and they would not rule out the possibility of a duty on bacon and pork. (56). But at no time at the conference did they allow the impression to be gained that a duty on beef was likely.

Chamberlain rather favoured the voluntary restriction of supply and managed to persuade Bruce to agree to co-operate in the working out of the details of such a scheme. But Bruce changed his mind in the few days between this meeting and the next when he came back to insist that the U.K. must impose a duty on foreign beef or tell the foreign supplier that it was impossible to let foreign imports in. (57) Chamberlain hinted that after Ottawa some restriction would be forced on Argentina. In the meantime he suggested again that U.K. and Australian experts work out some restrictive scheme.

(55) L. S. Amery, My Political Life Vol. III (London, 1955) pp.85,86, also used by Asa Briggs in They Saw it Happen, (Oxford, 1960). In a diary entry of 15th August 1932, Chamberlain shows how pressed he was for a duty by the Dominions but said '.... if the conference broke down because of our refusal to put a duty on meat, I should have to fade out,' Keith Feiling, op. cit. p. 214.

(56) P.R.O. BT/11/91 Meeting 5th August. This was not a generous concession since Australia and New Zealand were the chief suppliers of mutton and lamb and a duty on the foreign product would not hurt anyone severely.

(57) P.R.O. BT/11/91 Meeting 10th August.

While it may be largely true that the Australians went to Ottawa in pursuit of a duty on foreign meat they certainly were not encouraged to believe that it would be forthcoming as is suggested by Amery: 'The fact remains that they created the impression in Parliament before we left, in their messages to the Dominions and discussions with Dominion representatives, and for three weeks after their arrival, on the Dominions and the British agriculturalists that a duty on meat was probable. (58) The only grounds the Australians had for hope was that the subject would at least be discussed in Ottawa. The Australians had prepared specific duties they would like to have had imposed on foreign meat but on referring them to the British government were told that the whole question must await discussion at Ottawa.

A more exact indication of the British feeling on a duty on meat might be seen in answer to a similar New Zealand proposal, again made before leaving for the conference. This was not a Government proposal but rather the wishes of the New Zealand producers put forward on their behalf by Government delegates as an indication of the feeling in the country. The feeling was that the following duties should be imposed: (59)

	<u>Foreign</u>	<u>Preferential Duty</u>
Meat other than lamb	1½d./lb	$\frac{3}{4}$ d./lb
Lamb	2d./lb	1d./lb

and that there should be a quota in addition. Sir Horace Wilson, (Chief

(58) Amery, op. cit. p. 88

(59) P. R. O. BT/11/96 Discussions with N.Z. Representatives at the Board of Trade, 4th July, 1932.

Industrial adviser at the Board of Trade) in reply to this suggestion said that nothing could be settled in advance of Ottawa but a duty on meat could not be foreseen unless there was some outstanding concession by N.Z. to the U.K. (60) He added that he could not foresee where such an outstanding concession could come from.

However, New Zealand went to the Conference in the belief that some sort of duty along the above lines might be negotiated and a document handed to the Minister of Agriculture, Gilmour, by Prime Minister Coates contained this very suggestion. The document put forward the case that New Zealand should have preference on a list of items (nearly all her exports) and that there should be duties on foreign meat. (61) Coates at a meeting of 8th August went even further and suggested that the U.K. should place duties on foreign dairy produce as well as on meat but since such a duty would not be sufficiently quick acting, quantitative restrictions should also be employed. (62) Chamberlain said he did not rule out a duty on foreign mutton and lamb (he had told the Australians the same) but he felt that restriction imposed by the U.K. involved administrative, political and economic difficulties. More than this, the source of the glut was Australia and New Zealand. In this way Chamberlain rather turned the suggestion for restrictions back on the Dominions and once more as he had suggested to the Australians so he now suggested to N.Z. that their joint experts should work together on a scheme for voluntary restriction. (63)

(60) ibid. Meeting 4th July 1932.

(61) ibid. Document handed over on 2nd August 1932.

(62) ibid.

(63) ibid. New Zealand agreed to co-operate. 9th August 1932.

There was still to be much disagreement on the basis of the scheme. New Zealand argued that all meat must be subject to restriction otherwise there would merely be a 'transference' of demand from mutton and lamb to cheap beef. Cunliffe-Lister (Secretary of State for the Colonies) on the other hand felt it would be sufficient to arrange quotas of mutton and lamb for each Dominion (increases to be at the expense of the foreign supplier) and that a threat of similar action on beef would be sufficient to deter any increased shipments being made.

All this rather supports the contention that neither country had a very clear idea of a solution when they left for Ottawa. Sutch claims that 'the U.K. representatives came to the Ottawa conference fully armed with detailed proposals for the quantitative regulation of meat imports into the U.K.'⁽⁶⁴⁾ This would seem to be incorrect.

Draft agreements with each country were drawn up though they were frequently of such an imprecise nature as to be almost useless. For instance the U.K. - South Africa agreement on meat stated:⁽⁶⁵⁾

'His Majesty's government in the United Kingdom ... will make provision for the importation of South African mutton and lamb.' And again in the agreement reached with Australia⁽⁶⁶⁾ there is the same general agreement to take whatever steps were necessary to raise wholesale prices in the U.K. and to co-operate to ensure an improved price situation.

(64) W. B. Sutch, Recent Economic Changes in New Zealand (Wellington, 1936), p. 55.

(65) B.P.P. 1931-32 Vol. X Cmd. and 4174. Article 7 p.63.

(66) ibid. Schedule H, p.54.

On the more positive side there was a global treatment of the situation worked out. The twelve month period ending 30th June 1932 (immediately prior to the conference) was taken as the basis for future agreements. This year was called the Ottawa Standard Year, (O.S.Y.) and the ruling on imports of foreign frozen mutton, lamb, beef and veal was that they would be reduced progressively over the next two years to specific percentage levels of O.S.Y. The percentage reductions were as follows : (67)

	1933				1934	
	31/3	Quarter Ending 30/6	30/9	31/12	Quarter Ending 31/3	30/6
Frozen mutton and lamb.	90%	85	80	75	70	65
Frozen beef and veal.	90%	85	80	75	70	65

Thus foreign mutton and lamb and beef and veal were to be cut back to 65% of 1932 levels within eighteen months which began on 1st January 1933 and ended 30th June 1934. Thereafter imports were to remain at this level unless independently negotiated with the government. It was also agreed that chilled beef and veal imports would be restricted to the levels of O.S.Y. and it was anticipated that any increased production would be allocated firstly to home producers and secondly to Empire suppliers.

New Zealand's agreement was the most explicit. She was given a maximum amount of 200,000 tons of frozen mutton and lamb for

(67) B.P.P. 1931-32 Vol. X Cmd. 4174. Appendix II Schedule H. The figures are expressed as a percentage of corresponding quarters for the year ending 30th June 1932.

the year ending 30th September 1933 and allowed to increase this by 5% in each of the two years following. Frozen beef was to be held at 20,000 tons or less, i.e. a maximum increase over the previous season of 10%. In pigmeats the understanding was that New Zealand was to be granted 'a reasonable share of planned expansion'. Apart from these measures there were to be no restrictions placed on the entry of New Zealand meat into the U.K. before 30th June 1934. (68)

These general provisions then helped sort out the problem for other Dominions. A clause was included to the effect that if ever supplies in the U.K. were inadequate then restrictions could be lifted and supplies from the Empire allowed in on some proportionate basis.

The Australian agreement held Australian exports of mutton and lamb to the U.K. for 1933 to the levels reached in the O.S.Y.. Beef was not mentioned as restricted in any way though an agreement was in operation: that Australia would notify U.K. of estimates of shipments and hold back excessive supplies.

The agreement with Canada only specifically mentioned bacon and hams: 'His Majesty's Government in the United Kingdom ... to arrange ... for the quantitative regulation of the supplies of bacon and hams coming on to the U.K. market ... provision will be made for the free entry of Canadian bacon and hams of good quality up to a maximum of 2,500,000 cwts per annum.' (69) This figure was one that Canada had

(68) B.P.P. 1931-32 Vol. X Cmd. 4174. A letter from Coates to Baldwin, dated 19th August p. 60.

(69) ibid. p. 20

never achieved before and saw little prospect of immediately achieving.⁽⁷⁰⁾ The Canadian agreement also contained a separate bilateral agreement in regard to pigmeat.

The Irish Free State failed to come to any agreement at all on account of differences still existing between the British and the Irish in relation to the Treaty settlement of 1921. So goods from Eire ceased, as from 15th November 1932 to enjoy the preferential rates granted under the Import Duties Act. The import of store cattle into the U.K. remained exempt.

There was then some agreement reached though Amery records: 'our crew ... were acting under inhibitions all the time, inhibitions as to money policy, inhibitions as to Russia, inhibitions as to meat.'⁽⁷¹⁾ Later he openly expressed his view in Parliament: 'So far as I was concerned when the results of the Conference came to be debated in Parliament in October, I expressed some regret that more had not been done to help raise the price level, and that the meat issue had been shirked'⁽⁷²⁾ He had earlier recorded in his diary that: 'I had intervened to the extent of writing to Baldwin and Neville Chamberlain urging them not to break up the Conference on this issue.'⁽⁷³⁾

(70) There are grounds for believing the figure to have been a clerical error.

(71) Amery, op. cit. p. 87.

(72) ibid. p. 88.

(73) ibid.

IV.

Can we then at this stage answer the question: did the negotiations succeed or fail ? As far as meat is concerned we have shown that little thought was given to it beforehand by the U.K.. On the other hand some muddled thinking was done by the Dominions - all aimed at simply holding on to the market they had in the U.K., based on the belief that this would not be a difficult matter. The Dominion delegates left Ottawa with the request to keep supplies to the Ottawa Standard Year level. As we shall now see, soon after returning from Ottawa the British delegates decided that this was not enough and tighter restrictions were sought. In so far as the Ottawa Standard Year favoured the Dominions we can say the Dominions came out of the talks better than the U.K.. Table 2 shows the quantities of meat imported between 1927 and 1934.

TABLE 2

SOURCES OF MEAT IMPORTS
INTO U.K. 1927-1934*

<u>Year</u>	<u>Australia</u>	<u>New Zealand</u>	<u>Argentina</u>	<u>Uruguay</u>	<u>Brazil</u>
	000 Cwts.				
1927-31 Average	1750	3405	11768	1144	541
1932	2140	4536	10477	917	604
O.S.Y.	2540	4270	9292	950	610
1933	2529	4643	9482	934	653
1934	3268	4725	9226	816	642
* Collated from Annual Statement of Trade					

Only a matter of weeks after concluding agreements at Ottawa British Ministers were called together and the Minister of Agriculture announced that the fall in meat prices over the previous three months had been of a 'phenomenal nature.'⁽⁷⁴⁾ At Ottawa they had not foreseen the gravity of the situation. Indeed he went on to say that procedure by conference would not be speedy enough and a Bill should be introduced empowering the Board of Trade to restrict supplies.

Two brief points should be made here. Firstly a seasonal fall in prices took place in those three months.⁽⁷⁵⁾ Most meats reached their peak price of the year around April/June and then fell through to November before turning up again in May. This was never very marked but it was the pattern. Thus there was either ignorant panic at the sight of the figures for these three months or else a use (abuse) of the situation to gain an advantage. There was of course a fall from the previous year but for no meat was this of a 'phenomenal nature.'⁽⁷⁶⁾ This takes us to the second point: why any fall should not have been foreseen. Prices had after all been sliding for some years, and sliding rapidly in the most recent ones. The action taken at Ottawa clearly did not deal with the immediate problem, since what restrictions were made were not due to come into force until 1933. This approach was totally rejected by most other Ministers at the meeting. The Secretary of State for Dominion Affairs not unnaturally disagreed vehemently. The Chancellor insisted that there could be no deviation from Ottawa and the

(74) P.R.O. CAB/27/495 Meeting held 2nd November 1932.

(75) See Appendix I showing the pattern of seasonal fluctuation in prices of some meats.

(76) Some meats even showed signs of recovery in this year.

President of the Board of Trade declared that: 'only those who were present at Ottawa would appreciate the opposition that would be excited at the kind of legislation suggested.'⁽⁷⁷⁾

This meeting did not resolve to do anything radical on the meat supply situation but it did agree a number of points.⁽⁷⁸⁾

1. That certain Ministers should meet Dominion and Foreign meat interests.
2. That voluntary restriction be put to these people, (i.e. restriction above that of Ottawa.)
3. That consideration should be given to what help home producers could give to a voluntary scheme.

This proved be the start of long and difficult negotiations which were to go on throughout the rest of the 1930s.

It does seem that after the generally vague tones of Ottawa there was now to be more concern with detail. Statistics (though sometimes of a dubious nature) were to be found and used as a basis for discussion. The essence of the Minister of Agriculture's meat policy can be presented as follows :⁽⁷⁹⁾

- a. The proportion of home to total beef supplies had been 55% before the war and was at this time 44%. It should be restored to 55%.
- b. The proportion of home to total lamb and mutton supplies had been 52% before the war and was at this time 38%. It too should be restored to the pre-war figures.

(77) P.R.O. CAB/27/495 Minutes of Meeting of 2nd November 1932.

(78) ibid.

(79) ibid. contained in a memo by the Minister of Agriculture dated 31st October 1932.

- c. The Lane-Fox report suggested cutting back foreign supplies of bacon.

A mere five days after the dramatic meeting of Ministers it was reported that substantial agreement had been reached with the suppliers.⁽⁸⁰⁾ Australia and New Zealand had agreed to restrict shipments during November and December to 10% less than the corresponding levels of 1931. The South Americans agreed to similar reductions and foreign supplies of bacon were to be reduced by 15.3% between 22nd November and 22nd January 1933. This went some way toward meeting the rather stronger measures suggested by Deverall (Board of Trade) to Street (Ministry of Agriculture) and this was that enforced restriction of tonnage should take place in the following way.⁽⁸¹⁾

- (i) South American supplies to be reduced by 20% for the three months ending 31st January 1933.
- (ii) Australian, New Zealand and Irish Free State supplies be reduced by 10% over the same period.
- (iii) A duty of 20% be placed on bacon.

In this last quarter of 1932 the need for some body to oversee and comment on the meat supply situation was recognised and proposals were put forward for the setting up of a Meat Advisory Committee. The intention was for domestic wholesale and retail interests to be represented on the committee and they, together with government departments would comment on the situation. The committee under the chairmanship of the

(80) P.R.O. CAB/27/495 Meeting 18th November 1932.

(81) P.R.O. MAF/40/84 Letter 3rd November 1932.

Marquis of Linlithgow had begun work by December 1932,⁽⁸²⁾ its declared purpose being: 'to watch and advise the Government upon the operation of the emergency scheme for the voluntary restriction of imports of meat (including bacon and ham) into this country.'⁽⁸³⁾ In fact the bacon and ham sub-committee appears to have been the most active, promoting these products in vigorous campaigns in conjunction with the B.B.C. and the Press. Perhaps the 'gravity' of the situation in the other meats took them outside the control of the committee and put them into the hands of the various delegations from the Dominions. The work of the Meat Advisory Committee over the next few years was certainly chiefly concerned with bacon and ham.

Australia maintained representatives in London to look after her vital meat interest, and throughout 1933 the bargaining went on. In Australia feeling became progressively more offended at the treatment they felt they were receiving. In November of that year the 'Melbourne Herald' said:⁽⁸⁴⁾ 'The action of the British Government

(82) P.R.O. MAF/34/76 The organisations represented were: Australia and New Zealand Agents Assoc., South America Meat Importers Freight Committee, Home Killed Meat Assoc., Smithfield and Aldgate Carcase Butcher's Assoc., Imported Meat Trade Assoc., National Federation of Meat Trader's Assoc., Food Manufacturers' Federation, London Provision Exchange Ltd., U.K. Assoc. of Multiple Shop Proprietors, Incorp. Assoc. of Retail Distributors, Fed. of Grocers' Assoc.

(83) P.R.O. MAF/34/76.

(84) P.R.O. MAF/40/32.

in entering into trade treaties with Denmark, Argentina and other countries competing with Australian exports in London caused astonishment.'⁽⁸⁵⁾ Other Australian papers came out with statements of support for Mr. Bruce who was now High Commissioner in London and making speeches regularly in his campaign to keep the issue before the public.

A few months later the 'Sydney Morning Herald' declared: 'If ... it is necessary in the interests of home production in the United Kingdom, to curtail imports, there should be the most drastic curtailment of foreign imports before the Dominions are asked to reduce their supplies.'⁽⁸⁶⁾ These feelings were widespread in Australia and being more frequently expressed as the eighteen month period of Ottawa restrictions neared its end and fears grew at the prospect of the imminent imposition of quotas on Dominion produce. It was also the result of the U.K.'s position at Ottawa being imperfectly understood.

In the middle of 1934 the first serious meetings to consider long term meat policy were arranged in London.⁽⁸⁷⁾ The talks were between U.K. Ministers and representatives from the Dominions. Mr Bruce as High Commissioner was the Australian representative and made it clear

(85) These were bilateral agreements aimed chiefly at protecting British export markets for coal and other exports in exchange for certain quotas for bacon, ham, chilled beef etc., and other exports of these countries.

(86) P.R.O. MAF/40/32 Quoted in dispatch 27th March 1934.

(87) Walter Elliott, Minister of Agriculture from 1933 onwards co-operated closely with Runciman at the Board of Trade, and was in large part responsible for negotiating the restrictions with overseas suppliers. See Colin Coote, A Companion of Honour: The Story of Walter Elliott, (Collins, 1965) especially pp. 137-141.

at the first meeting that Australia could not agree to a levy on meat.⁽⁸⁸⁾ The outcome of several meetings that took place over the next few months was that Australia gained a quota of 105% of the Ottawa year, but was restricted to 500,000 cwts. of frozen beef and veal, and 10,000 cwts. of chilled beef with a free choice on the remainder for the second half of 1934.

The Australian Press still protested and as Crutchley (Trade Commissioner) said they had a 'general inability to see anything in the U.K. policy except a perverse affection for the Argentine.'⁽⁸⁹⁾ In fairness it should be pointed out that this was more often the feeling of people in the towns. The Sydney paper 'Argus' in more objective mood showed that the meat industry itself regarded temporary restriction with equanimity, 'a fact which was generally ignored or suppressed.'⁽⁹⁰⁾

There were still complaints in the Australian press that the promised 'expanding share' of Ottawa was a contracting one; doubtful figures being used to demonstrate the validity of this. And so it would appear that the pressure on the government which contributed to their telegraphing the British Government in December 1934 derived more from the media than from the meat interests. That is, it was more directly political than economic. The telegram⁽⁹¹⁾ stated that Australia was tired of holding back meat exports. At a resulting meeting on 18th

(88) P.R.O. CAB/27/567 Meeting 4th July 1934.

(89) P.R.O. MAF/40/32 Letter 29th December 1934.

(90) Argus, December 1934, Quoted in MAF/40/32 Letter 29th December 1934.

(91) P.R.O. CAB/27/567.

December the Secretary of State for Dominion Affairs pointed out that Australia now had 16% of U.K. imports of meat as against 10% in the Ottawa Standard Year.⁽⁹²⁾ And adopting a very firm approach the Secretary said it was the feeling of the British Government that they should place an order on Australia for three months limiting beef imports. Bruce pleaded the 'special case' of Australia but the British representatives did not soften and with the approval of the other Dominions they sent a telegram to Australia instructing their government to 'either co-operate { in the holding down operation) or have an order placed on you.'⁽⁹³⁾

Australia was not slow to respond. She agreed to co-operate though Prime Minister Lyons who, in January 1935, was making plans to leave for the U.K., wished the U.K. discussions on long term policy to be postponed until he arrived. In the meantime Bruce in London said that for the long term Australia would do almost anything in exchange for an opportunity to expand their home meat trade: 'even an embargo on the importation of foreign motor cars, or at least 75% of the imported motor car trade might, for instance, be contemplated.'⁽⁹⁴⁾ Australia still viewed meat as of crucial importance in her exports.

New Zealand and Canada were similarly engaged in negotiations; throughout 1933 and 1934 and indeed for the rest of the decade. New Zealand of course was primarily concerned with mutton and lamb and not beef, and she was constantly trying to establish that they were two separate

(92) ibid. Meeting 18th December.

(93) ibid.

(94) ibid. Meeting 18th January 1935.

problems (unlike the approach used at Ottawa that they were the same). New Zealand was subject to the same limitations imposed on Empire meat throughout 1933 which had the effect of holding down exports to something less than the O.S.Y. levels.

At a meeting⁽⁹⁵⁾ in the middle of 1934 some agreement was reached amongst the Dominions on quantities to be imported for the remainder of that year. The item getting most attention was chilled beef, this being a promising line improved technology had made possible, and all the Dominions were keen to get established. The U.K. was bound by agreements with South American governments, and had to tread carefully.⁽⁹⁶⁾

A suggestion at a further meeting between Dominion and U.K. Ministers later in October was, that for the period through to 31st March 1935 (when it was said the Exchequer subsidy would be removed) Canadian imports be kept to the 1934 level and New Zealand imports at an average of the figures for the three years 1932, 1933 and 1934.⁽⁹⁷⁾ At this stage the negotiations took a different turn with more thought being given to the long term meat policy which the British Government was planning to announce in March.

Argentina, the major source of British imported beef had watched Ottawa with interest, and it is no exaggeration to say that the agreements reached there came as a distinct shock. Argentina had a clear pattern to follow after Ottawa with imports of frozen beef to be cut back

(95) ibid. Meeting 11th July 1934.

(96) This was the first time specific restriction had been placed on chilled meat from the Dominions. The restriction was not continued.

(97) P.R.O. CAB/27/567 Meeting 30th October 1934

steadily over the following two years, and chilled beef to be held firmly at 100% of O.S.Y.. This was shock enough. When it was realised that 'for convenience of administration and to avoid the invidious task of allocating quotas to particular countries His Majesty's Government has asked meat importers in the United Kingdom to keep their total importations within the limits laid down'⁽⁹⁸⁾ the Argentinians were further shocked and felt insulted. i.e. there were a number of supplying countries in South America (Uruguay, Brazil, Argentine,) but their export trade was in the hands of the large meat companies (British and American owned). What the British Government did at Ottawa was present these companies with the quotas and it was over to them to decide where they took the meat from. The Argentinians not unnaturally asked themselves: were they not to be allowed to control their own exports? And was there not the possibility that if shippers were controlling the flow, one particular South American country may suffer at the expense of another? At the Meat Conference held in Montevideo at the beginning of November 1932 the delegations from Uruguay, Argentina and Brazil 'unanimously resolved to advise their respective Governments to ask the British Government to allow all the three countries to distribute among themselves the meat quotas established at Ottawa.'⁽⁹⁹⁾

The Argentine farmers were worried, and soon after the quota system became known to them they sent a petition to President Justo. The following extract gives the flavour: 'This disaster (Ottawa)... (we must offer) to Great Britain whatever may be necessary to avoid the

(98) P.R.O. BT/11/133 CRT 6121.

(99) The Times 7th November, 1932

damages which can derive from the Ottawa Conference... We would express to the Sr President our formal desire that British imports shall be treated with the maximum preference in return for the facilities which the United Kingdom offers to our exports.' (100)

The Argentine Ambassador Dr Malbran called at the Board of Trade to express his Government's grave concern and he did gain the assurance that the importers had been asked to arrange exceptionally for regular shipments of 300 tons per week from the Frigorifico Gualeguaychu and of 25 tons per week from the Buenos Aires Municipal Abattoir, (101) during the currency of the Ottawa restrictions. This was small consolation and far from sufficient to quell the further fears aroused by rumours that restrictions beyond those laid down at Ottawa were about to be introduced. Craigie (Board of Trade) confirmed that this was so whereupon Malbran declared it would have a most serious effect on Argentinian public opinion. Vansittart (Foreign Office) in a letter to Sir Horace Hamilton, the Ambassador, prophesied 'we are heading for a rather disagreeable phase in our relations with Argentina unless this question can be settled in as friendly a way as possible....' (102)

The realisation that Ottawa had not provided a solution for the situation developing in the latter half of 1932 saw the beginning of talks with all the interested parties in the South American Trade. A deputation from the South American Meat Importers met the recently appointed Minister of Agriculture, Major Elliot. (103) The Ministry

(100) Review of the River Plate October 1932, p.19.

(101) Argentinian owned.

(102) P.R.O. BT/11/133 CRT 6121 4th November 1932.

(103) P.R.O. MAF/40/84 Meeting of 31st October 1932

wanted the views of the importers and this they got from G.T. Dunsmore (Sansinea Co. Ltd.) 'the whole trouble comes from the inordinate supply of colonial beef and lamb....' This rather facile assessment of the situation was supported by what proved to be, and what could surely have been seen at the time to be, other simplistic explanations, e.g. that in three months everything would be all right - 'it would have worked itself out.' (104)

The importers were asked to make a reduction of 20% from the levels of the previous year but negotiated to reduce imports by 10% for the first month(November/December), provided similar arrangements were made with the Dominions and with the European suppliers for bacon. As we have seen they were. In December of 1932 the importers agreed to hold to a 10% reduction of imports through until the end of March.

After this the basis of imports from Argentina for the middle years of the decade was outlined in the Roca-Runciman Agreement. (105) This made it clear that chilled beef import from Argentina would not be reduced below 90% O.S.T., without consultation with the Argentine Government and without an equal reduction being enforced on all meat supplying countries. And further that other kinds of meat would be left as restricted in Schedule H of the Ottawa Agreement. (106)

This would appear relatively straightforward but trouble came with the conflict between the meat companies (British owned and operated

(104) ibid.

(105) B.P.P. 1933 Vol. XXVII Cmd. 4310.

(106) ibid. Article I p.4.

in the main) and the Argentine Government who regarded as a 'fundamental question the right of Argentina to control and distribute amongst exporting firms the meat products... under the new restrictions. If an amicable arrangement were not made the Argentine Government would take the matter into its own hands.'⁽¹⁰⁷⁾ This was the beginning of months of bitter fighting between the meat companies and the Argentine authorities.

Vestey, Managing Director of the huge meat company of the same name whose principal interests were in South America but whose operations were world wide, wrote to the Board of Trade insisting that it was imperative for the British to control South American meat.⁽¹⁰⁸⁾ The Argentinians instigated an inquiry into individual shipper's quotas, and this initial move on their part was soon to be extended to an examination of the companies' books (including the American companies Armour and Swift) to make sure no 'undue profits were being made.' Vestey claimed that if the books of the frigorificos (freezing plants) were to be examined then so too should those of the estancieros (farmers). He further asserted that the Argentinians merely wanted to find out how to make big profits by examining Vestey's books.⁽¹⁰⁹⁾ The situation became steadily more ugly with accusation and counter accusation following one another and considerable strain set up with the Argentine Government and the Board of Trade, the latter being suspected of not co-operating in inducing the companies to open their books.⁽¹¹⁰⁾

(107) P.R.O. MAF/40/88. Meeting 23rd October 1932 between Argentine Ambassador and President of the Board of Trade.

(108) P.R.O. MAF/40/88. Letter 1st November 1932

(109) P.R.O. MAF/40/89. Meeting between Vestey and Craigie at Board of Trade, 20th March 1934.

(110) For details of the squabble see, P.H. Smith, Politics and Beef in Argentina, (Columbia, 1969)

By the end of 1934 some agreement had been reached and a committee of five (two Argentine representatives, two U.K. representatives and the Chairman George Schuster) had been organised to investigate the profit of the packing companies, the costs of meat in Buenos Aires, the cost of transport, the cost of marketing in Great Britain and the price at sale. Independent auditors were to verify the figures produced. (111)

But independently a senate's investigation of frigorifico's books was being carried out in Argentina. It was as a result of this inquiry that Vestey's manager was arrested for contempt of the senate's authority. He had sent the company's confidential papers out of the country of the S.S. Northern Star disguised as corned beef. A great deal of bitterness was left between the companies and the government, not lessened by legal action taken. However the incident was smoothed over and an uneasy truce existed from there on between the British companies and the Argentine authorities.

(111) This committee concluded that the Packing companies had retained a sheltered position and passed the main shock of depression on to cattle producers: 'From 1929 onwards the Packing companies have maintained a high level of profit'. B.P.P. 1937-38 Vol. VIII Cmd. 5839 p.62.

V.

Table 3 presents total meat imports of the U.K. from Argentina, Australia and New Zealand for the period 1920-1939, together with these countries' respective shares in British imports. Figure one portrays graphically the market shares and the trends brought out suggest that the rise in Australia's share after the decline following abnormal conditions prevailing in 1920, started in 1926 and increased at a faster rate after 1932. New Zealand's experience was similar excepting the years 1932-1939 when the share remained relatively stable. And of course Argentina's experience was the reciprocal of the other two, these three suppliers dominating the market as they did. The mid-twenties in fact reflect most accurately the relative positions of the three major supplier as they had evolved over the years 1882-1914. And what seems to have happened is that adjustments were taking place before Ottawa; and bargaining after 1933/34 had a significant effect; Ottawa itself had less effect than has often been claimed and certainly hasn't affected this product in the way The Economist claimed.

Argentina, in the years 1922-26 was somewhat fortunate in enjoying the coincidence of good cattle-rearing weather and a favourable movement of the exchange-rate and so re-established the position she had held just prior to the first world war.⁽¹¹²⁾ A number of factors contrived to produce the rather dramatic decline of the years 1927-1931. Unfavourable weather, political events and gold drain all played their

(112) Weddell's Annual Review of the Frozen Meat Trade 1920-1927

part but the principal reason was a movement out of meat production and into maize. The packing companies had warned against this trend⁽¹¹³⁾ but perhaps behind it lay the strong British pressure for an improvement of hygiene standards to eradicate foot-and-mouth disease.⁽¹¹⁴⁾ The pressure resulted in legislation being introduced which made the sale of stock for export much more difficult. Animals were undoubtedly directed to the local market to avoid subjection to regulation. The combination of the above factors resulted in Argentina's position being eroded by 1931/32. The Argentine Senate wanted to know the reason for the fall in exports of meat of around 30% between 1927 and 1930. Statistics were years behind and the extent of the fall was not known until 1932 by which time of course, it was too late to do anything about it in view of the fixing of the Ottawa Standard Year.

The main reason behind New Zealand's high share around 1920 is found in her running down of flocks to satisfy British demand. It took some time to recover from that run-down but by 1924 a real growth in supplies was beginning to take place. "The most striking fact in the frozen meat trade to Great Britain", wrote Belshaw, "is the very great growth in the lamb trade in the post war years"⁽¹¹⁵⁾ The movement out of mutton and into fat lamb production began earlier in New Zealand than anywhere else and this coupled with the promotional activities

(113) Review of the River Plate July-December 1928

(114) Incidentally, the disease was never a major problem and this must be intergrated as a non-tariff barrier to trade in order to favour Empire supplies.

(115) H. Belshaw, D.O. Williams, and others, Agricultural Organisation in New Zealand (Wellington, 1936), p.640.

TABLE 3

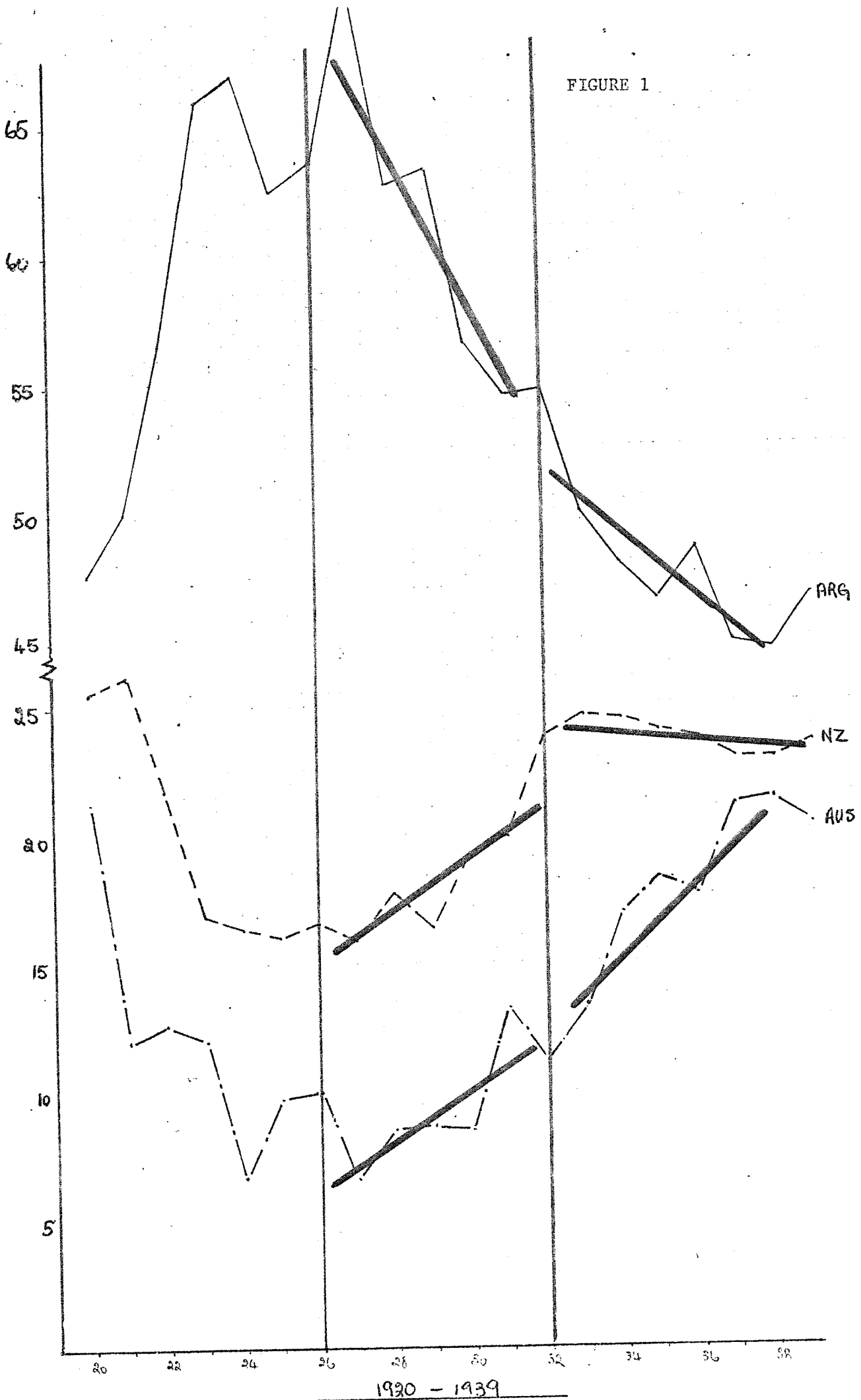
Meat Supplies (by weight) from Overseas Suppliers

DATE	TOTAL** ARG. 000s cwts.	TOTAL** AUST. 000s cwts.	TOTAL** N.Z. 000s cwts.	TOTAL** IMPORTS 000s cwts.
1920	7636 48.1	3382 21.3	4056 25.5	15875 100%
21	9123 50.0	2186 12.0	4800 26.3	18244
22	9527 56.5	2134 12.7	3663 21.7	16867
23	12025 65.9	2189 12.0	3090 16.9	18244
24	12364 67.3	1242 6.8	3013 16.4	18378
25	11891 62.4	1876 9.8	3065 16.1	19069
26	12599 63.6	1992 10.0	3276 16.5	19824
27	13900 71.1	1313 6.7	3092 15.8	19538
28	11772 62.7	1589 8.5	3315 17.6	18784
29	11372 63.1	1544 8.6	2939 16.3	18023
30	10796 56.5	1631 8.5	3685 19.3	19107
31	11006 54.5	2671 13.2	3996 19.8	20187
32	10477 54.6	2140 11.2	4536 23.6	19185
33	9482 49.9	2529 13.3	4643 24.5	18990
34	9226 47.6	3268 16.8	4725 24.4	19398
35	9060 46.5	3537 18.1	4662 23.9	19499
36	9290 48.4	3364 17.5	4521 23.5	19204
37	9328 44.8	4359 21.0	4748 22.8	20805
38	9298 44.4	4434 21.2	4767 22.8	20930
39	9644 46.6	4190 20.2	4851 23.4	20716 100%

** Total where Beef, Veal, Mutton, Lamb = 100%.

Whole numbers give weight. Decimals show percentage share of Total.

FIGURE 1



ANNUAL SUPPLIED MARKET SHARES OF MEAT AND MILK IMPORTS

of the New Zealand Meat Producers' Board⁽¹¹⁶⁾ undoubtedly improved her U.K. import share by 1931/32.

In Australia growth in the late 1920's can be attributed to highly favourable weather conditions and freedom from disease.⁽¹¹⁷⁾ An important technological advance was the extension of pasture improvement in Southern Australia: 'the stock carrying capacity of soil of poor natural productivity was being doubled and trebled by the use of subterranean clover, not previously sown elsewhere in the world, and of superphosphate'⁽¹¹⁸⁾ the other technological development was the improvements in the chilling process which allowed for longer journeys - previously Argentina had a monopoly.

After 1932 Argentina could make no recovery while Australia largely through aggressive bargaining and lack of regard for unwritten agreements made some headway.

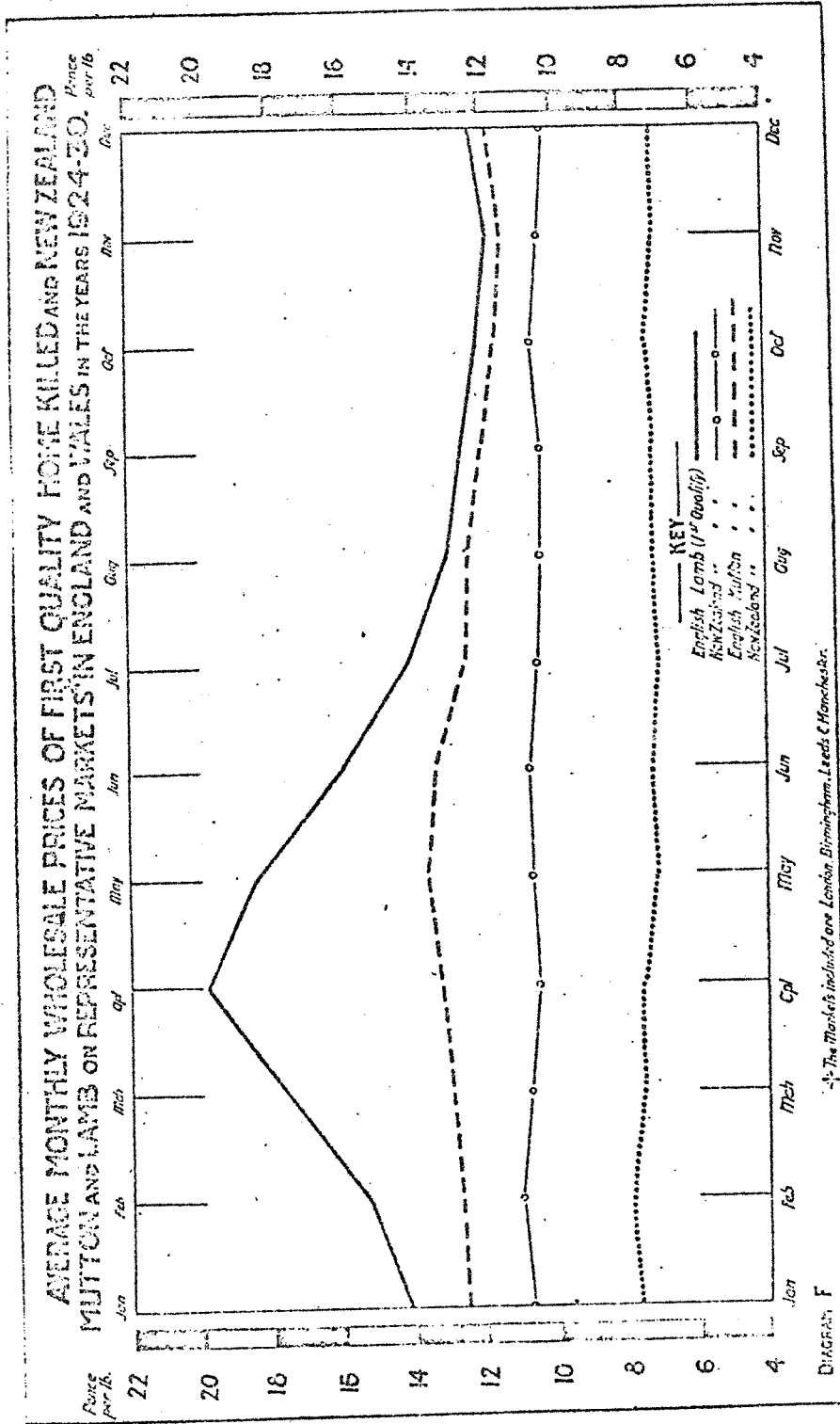
(116) This was the first Export Control Board, set up in 1921/22 it controlled the flow of New Zealand meat to the British market see F.H. Capie, The British Market for Livestock Products 1920-1939 Unpublished Ph.D. Thesis (London, 1973) Ch. VIII.

(117) Weddell's Review

(118) Capie op. cit. Ch. VII

Appendix

Average Monthly Wholesale Prices



Source: Min. of Agric. & Fish. The Marketing of Sheep, Mutton and Lamb, Econ. Series 29, 1931, p.46.