4. The Vision Ends

Summary

The years of the Great Depression brought anxiety and disillusion for Bruce and McDougall. Both faced an uncertain future. McDougall’s position at Australia House was threatened by the search for economies and by Labor suspicion of his views on tariffs. He was saved—albeit at a considerably lower salary—by his work assisting the new Prime Minister, J. H. Scullin, at the 1930 Imperial Conference. He supplemented his reduced income by writing some paid articles, and a brief period writing on imperial trade for Lord Beaverbrook. He was tempted by various proposals for work on imperial cooperation in London, and by one for economic research in Australia. None of these materialised, but the soul-searching involved in considering them confirmed his determination to remain at the centre in London and to work for the interests of the empire as a whole. As political pressure for a British general tariff increased, he contributed to a ferment of ideas for means to transcend the narrow political process with machinery for broad-based consultation drawing upon industry, commerce, finance and labour.

Bruce was returned to Parliament at the general election in 1931 in a United Australia Party Government headed by Joseph Lyons, who appointed him Assistant Minister. He led the Australian delegation at the Ottawa Imperial Conference, which established an imperial preferential tariff system in 1932. In the months preceding the conference, McDougall had negotiated with British officials on tariff treatment of individual commodities, while Bruce oversaw a similar process in Canberra. McDougall had also worked on plans to transform imperial bodies in London into an organisation promoting imperial economic cooperation. Debate continues about the advantages of the Ottawa preferential system established after hard bargaining. For McDougall, one unexpected outcome, the demise of the Empire Marketing Board, was a heavy blow. It marked the end of his vision for cooperative imperialism.

The Scullin Government: ‘A pretty hard fight’

Shocked by Bruce’s election loss, McDougall determined to carry on as usual and to report regularly to Scullin.1 Anxiety for himself and for his cause was

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1 NAA/CSIR, A10666, [2], McDougall to Rivett, 22 October 1929.
clear as he wrote consoling Bruce, urging him to ‘make [Scullin] aware of the amazing opportunity which he can take, if he chooses, at the next Imperial or Imperial Economic Conference’. Otherwise, there could be ‘no one effectively to state the case from an overseas point of view in regard to Empire development’. He added: ‘I have…no idea what the attitude of the new Government will be in regard to my work. I can only hope, from a personal and from a public point of view, that they will be prepared to allow me to continue my work without any very substantial change.’2 Bruce replied that he had tried to persuade Scullin, but could give no indication that he had succeeded: ‘In any event you have now so established yourself in London that opportunities will present themselves for you to continue your work for the great cause you have espoused, even if it is in a new sphere of activity.’3 It was, perhaps, a warning.

McDougall knew little of the new ministers. His support base in Australia was small and he had no sympathetic press. His friends in DMC and CSIR were worried. Bruce warned them he feared it would be ‘a pretty hard fight to persuade the new Government of the real value of McDougall’s services’.4 DMC was doomed. With few tangible results to show for its efforts, support had been rare even in the former government. Scullin made plain his view that it was a waste of money. In November 1929, he decided to stop most assisted migration in view of Australia’s economic difficulties, effectively removing DMC’s raison d’être. In February 1930 other DMC functions were moved to a ‘Development Branch’ of the Prime Minister’s Department.5

CSIR fared better. Its new minister, Senator J. J. Daly, proved approachable and keen to extend its work. But when Rivett and Julius tried to persuade him of McDougall’s value, especially as a member of the EMB, ‘the Minister said very little, but…there was a slightly antagonistic feeling which was probably due to the fact that you held more positions than one and received more than the basic wage. You know what I mean.’ Rivett assured McDougall that there had not been ‘the faintest suggestion’ of any threat, but late in January he was less optimistic: many ministers did not seem to appreciate the value of CSIR’s work and the financial situation was deteriorating rapidly. There would nevertheless be no difficulty in finding McDougall’s annual £500 payment, which represented ‘a remarkable bargain from CSIR’s point of view’.6

On 28 February, Daly explained the full extent of the financial crisis to CSIR’s Executive. Rivett wrote ‘a thoroughly miserable letter’ to McDougall, thinking

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2 LFSSA, 259, 17 October 1929, p. 894.
3 Ibid., 260, 17 November 1929, p. 896.
6 NAA/CSIR, A10666, [2], Rivett to McDougall, 18 and 28 November 1929, 29 January 1930.
through the consequences as he wrote. CSIR must help as best it could. Development and building would be put on hold, contributions to overseas organisations suspended and imperial activities reduced. The Prime Minister's Department had requested justification of McDougall's appointment. It would be ‘answered in very emphatic fashion’, it was not personal, ‘just an evidence of the intense desire of Cabinet to reduce expenditure in every direction’. ‘Drastic reductions are the order of the day’, but McDougall must remain: ‘I shall have to rely upon you to a tremendous extent.’

Scullin’s questioning was personal, prompted by a letter from Hume Cook, Secretary of the Australian Industries Protection League. Cook referred to a press report that an EMB paper by McDougall had been hailed by the *Daily Express* as strongly supporting empire free trade, for which *Express* proprietor, Lord Beaverbrook, was waging a vigorous campaign. At the time McDougall had described the review as ‘an embarrassing amount of effusion’. Cook’s letter recalled his earlier complaint about an apparent attack by McDougall on the Australian tariff and the ‘unsatisfactory’ response of the Bruce Government. Scullin called for information: ‘what salary is being paid by the Commonwealth to Mr McDougall, and what services are rendered by him?’ A four-page departmental report dealt with Cook’s two complaints and McDougall’s response to the earlier one. It noted an account in the *Sydney Morning Herald* of McDougall’s statement to the League of Nations Economic Consultative Committee that ‘there was a feeling in some quarters that certain aspects of the Australian tariff policy hindered the growth of certain secondary industries and, further, the incidence of the tariff was a handicap to agriculture’. McDougall had explained that he had gone on to say that the Australian Government realised these were ‘highly complex’ questions, and the Government had therefore decided to establish a Bureau of Economic Research. He had mentioned the decision, he wrote, in order to ‘indicate the way in which the League of Nations could, through the provision of a service of economic information, assist countries such as Australia in the assessment of the comparative advantages which they enjoy in regard to primary and secondary industries’. The official report also listed amounts of remuneration received by McDougall: £1000 from the Commonwealth Government for ‘general representation’ and a further £500 each for liaison on behalf of DMC and CSIR. He received another £500 from the

7 Ibid., Rivett to McDougall, 3 March 1930; NAA/CSIR, A9778, M14/30/2, Rivett to McDougall, 14 March 1930.
9 NAA, A981, ECOC 1, Cook to Scullin, 6 December 1929, Scullin to Prime Minister's Department, 10 December 1929; NLA, MS6890/3/2, copy of cable requesting McDougall's explanation, 20 December 1929.
10 A Bill to realise Bruce's aim to provide an independent body to undertake economic research, along the lines of CSIR, was submitted to Parliament in March 1929. It was opposed by Labor, chiefly because it seemed to threaten tariff protection. Efforts to find a suitable director for the bureau lapsed when Bruce lost office. See Coleman, Cornish and Hagger, *Giblin's Platoon*, pp. 73–9.
DFECB, making a total £2500 per annum.\textsuperscript{11} McDougall’s further response on 20 December explained that the EMB publication \textit{The Growing Dependence of British Industry upon Empire Markets} had already been sent to Scullin, and that it had no connection with the empire free trade campaign; the \textit{Daily Express} must have found the figures in it useful for their own purposes. McDougall pointed out that a recent article of his own, defending the right of younger Commonwealth nations to use protection, condemned empire free trade as ‘politically hazardous’ for Britain.\textsuperscript{12} A reassuring letter was sent to Cook, but McDougall’s value to a high-protectionist Labor government was inevitably questioned.

\textbf{Reorganisation at Australia House}

Costs at Australia House in London had increased fivefold, from £24,225 to £124,841 per annum, between its establishment in 1913 and 1930. The vague terms of the \textit{High Commissioner Act} (1909), the pressures of war and changes in the dominion relationship increased the functions of the High Commission and brought uncontrolled growth. By 1926 employee numbers were given as 256, most without permanent tenure.\textsuperscript{13} A search for savings focused on trade-related activities; the High Commissioner, Sir Granville Ryrie, was asked for suggestions. He described McDougall as ‘a very efficient officer’ and ‘capable economist’ who would be ‘of great assistance to the Prime Minister at the Imperial Conference on economic questions’. Either McDougall or A. E. Hyland, Director of an Australian Publicity Scheme established in 1926, would fill a proposed post of Director of Trade and Publicity admirably, but Ryrie would prefer to appoint Hyland. McDougall might be retained on a consultative basis for a year to continue his representation on the IEC and EMB.\textsuperscript{14}

Gepp and Rivett responded vigorously to the request to justify McDougall’s continuation. His work ‘called for the services of one who had special scientific and technical experience and a unique standing with official circles in Great Britain’, and ‘we esteem Mr McDougall’s services…very highly indeed, far beyond the relatively small sum of £500 which we pay for them’.\textsuperscript{15} They failed to persuade Daly, who advised Scullin that arrangements initiated by Bruce should not continue. McDougall’s communication with DMC and CSIR was controlled neither by the High Commissioner nor by the responsible minister:

\begin{itemize}
\item \textsuperscript{11} NAA, A981, ECOC 1, Report, 11 December; McDougall’s response, 14 May 1929.
\item \textsuperscript{12} Ibid. The article was published in the \textit{English Review} in October 1929.
\item \textsuperscript{14} NAA, A461, G348/1/8, part 2, High Commissioner’s Office to Prime Minister’s Department, 14 March 1930.
\item \textsuperscript{15} Ibid., Gepp to Daly, 19 March; Rivett to Prime Minister’s Department, 3 March 1930.
\end{itemize}
‘from the point of view of efficient administration I am unable to discern any feature which commends it.’ Daly calculated the full cost of McDougall’s office as £5000 per annum, and recommended DMC and CSIR liaison work be carried out by regular High Commission staff. Parker Moloney, Minister for Markets and Transport, had no ‘detailed knowledge’ of McDougall’s work on the EMB, but believed it could be done by the officer in charge of trade and commerce at Australia House.16

P. E. Coleman, Chairman of the Commonwealth Parliamentary Joint Committee of Public Accounts, then attending an International Labour Conference in Geneva, was appointed to report upon possible savings at Australia House, and recommended economies involving abolition or amalgamation of positions. He paid considerable attention to the branch known ‘for want of a better name… as “Mr McDougall’s”’. McDougall’s total remuneration equalled that of J. R. Collins, Financial Adviser to the High Commission and a former head of Treasury. Collins was paid in part for liaison work on behalf of the Commonwealth Bank. He and McDougall were the highest paid officers at Australia House after the High Commissioner, who received £3000 and use of an official residence valued at £2000. McDougall had three assistants: a technical assistant, Dr A. S. Fitzpatrick; an economic assistant, Miss Pitts; and a clerk, A. Stuart Smith. His office also employed two typists. Collins had one clerk. Like some others, McDougall’s branch operated with virtual autonomy; its records were not kept in the central registry and ‘the control exercised by the High Commissioner over Mr McDougall’s activities is purely nominal’. There was general recognition of the value of his work and claims that he had been ‘a valuable propagandist in the development of Empire trade’ and of Australian affairs, but ‘Mr McDougall, in common with other officers, has been working more or less in a “water-tight compartment”, and has communicated direct with the Prime Minister. The consequence is that it is most difficult to form a just estimate of the value of the office filled by him.’17

Coleman recommended the liaison functions and McDougall himself be brought more directly under control of the High Commissioner, so that the value of his services could be assessed. Stuart Smith and one typist should be transferred to general High Commission staff, and Fitzpatrick dispensed with. McDougall need no longer be paid by Development Branch and CSIR, reducing his remuneration by £1000; the loss of Fitzpatrick would save another £500. Adding insult to the substantial financial injury, Coleman recommended McDougall be designated ‘Economic Officer’. By a process that is unclear, he had for some time by then assumed the more prestigious title ‘Economic Adviser’.

16 Ibid., Daly to Scullin, 25 March; Moloney to Scullin, 9 April 1930.
The 1930 Imperial Conference

McDougall wrote regularly to Scullin, hoping to educate the new Prime Minister on the case for empire cooperation and tactics for the Imperial Conference to be held in November 1930. He provided useful figures and arguments, memoranda on many subjects and gossip suggesting trends in British Government thinking. As the conference approached, he briefed ministers and drafted speeches. Scullin’s opening speech showed his influence. Like Bruce in 1923, Scullin stressed the importance of markets, but he also appealed for rationalisation: ‘the better ordering of our production, both in agriculture and in industry and of our trade, has become a matter of vital urgency.’ Australia would welcome conferences between industrialists to consider rationalisation, and he hoped Australian agriculture would be given some advantage ‘over our foreign competitors’. He expounded figures showing the importance to Britain of the Australian market, in comparison with the markets of Argentina and Denmark, and the value of Australian preference, and then declared, ‘if British industry will co-operate with us in the development of our industries, we…will do everything in our power to help you secure the lion’s share of our import trade’.

McDougall gained personally from the conference: he impressed Scullin and other delegates with his range of contacts and hard work; he got to know Australian ministers and senior public servants Parker Moloney; E. Abbott, Deputy Comptroller-General of Customs; and Australian Trade Commissioner in Canada, L. R. Macgregor. Best of all was the opportunity to meet in person and cement his friendship with Rivett. Otherwise he was disappointed. The conference did not consider preference in detail, nor extension of the IEC towards the role of an imperial secretariat. These matters posing problems for all empire countries were deferred to a conference in Canada in 1932.

In London Rivett approved minor changes to CSIR’s liaison arrangements, but insisted upon McDougall’s value. Only a week earlier McDougall had gained RGC recommendation for a grant of £6000 for the Plant Industry Division. Furthermore:

I have seen enough here to know that he has obtained a reputation in London on Imperial Economic Affairs which causes members of all parties, as well as important organisations, to consult him on many questions. He is also so highly regarded in Geneva and Rome as to be very frequently in request on economic and agricultural questions

18 See letters in NAA, CP103/12, bundle 19, and CP489/1, 430/AA/2.
in the international sphere. This is undoubtedly directly of value to Australia, and…has some real significance from the point of view of our International prestige. I do hope that whatever it may be necessary to do regarding Mr McDougall’s financial position, there will be no reduction in his status likely to prejudice his work in these fields.\textsuperscript{21}

This, and his own observation of McDougall’s work at the conference, mollified Scullin. In a ‘quite satisfactory’ interview, he thanked McDougall ‘quite prettily’ for his assistance and apologised for the offensive wording; the intention had been economy, not reduction of status. His Commonwealth salary would be reduced, nevertheless, to £1000. It would cover liaison work, other than detailed tasks now allocated to Stuart Smith. McDougall agreed with Scullin’s understanding ‘that I had not been whole-time employed previously so…that arrangement would continue’.\textsuperscript{22} He possibly thought this a reference to his work for the DFECB; he may have agreed because it gave him freedom to write paid articles. The arrangement was to cause him problems later in the 1930s, when Bruce, as High Commissioner, persuaded the Lyons Government to give permanency and superannuation rights to High Commission staff. Legislation to amend the \textit{High Commissioner Act} was passed in 1937. Lyons refused to include McDougall, referring to his ‘peculiar position’ and to the ‘fact that for some years he has not been regarded as [a] full time officer’. Lyons noted McDougall’s ‘objection to being regarded as an officer on the High Commissioner’s staff’ and the fact that he had been given ‘the right of private practice’.\textsuperscript{23}

A furious Bruce responded in seven pages, protesting at ‘ignorance’ of the position or deliberate misrepresentation, reiterating the events of 1930, and arguing that any right to private practice ‘has never been exercised and never could be exercised’, given the ‘very full whole time job’ McDougall did, involving much confidential government information. Bruce added pressure by sending copies of his letter to senior members of the Lyons Cabinet who knew McDougall’s work at first hand: Earle Page, R. G. Menzies and R. G. Casey. Lyons rather weakly protested that McDougall had accepted an honorarium of 100 guineas from the Australian Wine Board, with approval of both Bruce and the Government, and suggested, with more justification, that he had wished to be treated as ‘someone apart from the regular staff of the High Commission’. He gave in, nevertheless. McDougall was granted security of tenure, furlough and superannuation rights, but ‘insuperable difficulties’ prevented his being permitted to make lower superannuation payments—a concession given to others who had served at Australia House since the early 1920s. He was

\textsuperscript{21} NAA/CSIR, A10666, [2], Rivett to Scullin, 24 November 1930.
\textsuperscript{22} Ibid., McDougall to Rivett, 1 December 1930.
\textsuperscript{23} NAA, A461, G348/1/7, part 2, Bruce to Lyons, 1 September; Lyons to Bruce, 9 September 1937. Lyons claimed that McDougall’s objection to being regarded as full-time had been expressed in a letter to Scullin of 26 November 1930, which has not been found.
deemed to have been serving ‘de facto’ from the date of Scullin’s memorandum appointing him ‘Economic Officer’ in 1930. McDougall’s first secure and regular appointment was gazetted on 9 December 1937; he was fifty-three years old.24

The loss that did occur in 1930 was more than financial. For some years, Joyce McDougall’s ‘nerves had been very jangled’; McDougall hoped that a holiday on her own in Italy early in 1926 might improve her health. But in 1929 he told Bruce that his family had spent some time living in Sicily, in an unsuccessful attempt to help Joyce, who had been ‘far from well for the last couple of years’.25 He and Joyce subsequently agreed that while she remained in Italy their children should be educated in boarding schools near Geneva, where he could visit them while on international business. McDougall’s reduced salary was paid in a currency devalued as the Australian pound floated against the pound sterling and was then effectively pegged to it as Britain left the gold standard. He also suffered one of the percentage cuts imposed on public service salaries.26 His resources in Swiss and Italian currencies were strained and it was agreed that the family would return to Adelaide early in 1932.27 Joyce visited London at least once in the prewar period, but her condition became so difficult that McDougall felt unable to visit Australia himself. She subsequently moved to New South Wales, where she died in 1986. McDougall saw nothing more of his children until his daughter, Elisabeth, took a post in the British Foreign Office after World War II. He was never to know his five grandchildren, who grew up in Australia.28

Beaverbrook

McDougall had begun to write paid, anonymous articles for The Times.29 It is likely that he was occasionally paid by other journals. His articles always advanced some part of his cause: it was thus a moot point whether he thought he was working for Australia or for money in writing them. The issue is clearer in the case of work he undertook for Daily Express proprietor and vigorous campaigner for free trade, Lord Beaverbrook, whose paper, as noted above, had welcomed so embarrassingly McDougall’s EMB publication. Invited to lunch

24 Ibid., Bruce to Lyons, 13 October; Lyons to Bruce, 22 November; Official Secretary, Australia House, to Prime Minister’s Department, 14 December 1937.
25 NLA, MS6890/1/9, letter to Norman, 3 January 1926; LFSSA, 220, 221, 25 March and 17 April 1929, pp. 772–3.
26 NAA/CSIR, A10666, [2], McDougall to Rivett, 10 February, 12 March and 22 July 1931; Rivett to Mulvaney, 26 August 1931; NLA, MS6890/3/5, copy of letter from Pearce to Scullin, 13 November 1931. See also Bruce’s 1937 letter to Lyons, cited above.
27 NAA/CSIR, A10666, [2], McDougall to Rivett, 23 September 1931; A10666, [3], McDougall to Rivett, 28 January 1932; A9778, M14/32/2, Rivett to Richardson, 31 March 1932.
28 Information from McDougall family.
29 NLA, MS6890/2/3, note from Elspeth, 15 January 1931.
with Beaverbrook, McDougall hoped he had persuaded the press baron that Australia must continue some protection. He did not mention to Bruce that he had agreed to write for Beaverbrook, at a rate of 10 guineas per thousand words. Notes from Beaverbrook and his secretary suggest that he wrote a small number of factual articles on empire trade, which Beaverbook apparently studied carefully. He proposed a new edition of *Sheltered Markets*, which he found ‘very valuable from our standpoint’, though ‘much of it can be eliminated’. Nothing came of that idea, but, according to the correspondence, McDougall was paid £114/9/- in total. Apart from the supply of occasional facts, McDougall ceased to work for Beaverbrook after February 1930, possibly because of the embarrassment in Australia. In May, Beaverbrook wrote, ‘I hope you are not afraid of my company these days’, and, in praise McDougall might have not welcomed, ‘the help you have given me has been of decisive importance in our campaign’.

**Organisation for Empire Cooperation**

Empire cooperation was a popular idea in many quarters, and so were proposals for organisations to facilitate it. McDougall was tempted by several variations of that common theme, all of which proved abortive. He was torn, as he had been in 1924, between a wish to continue serving Australia and Bruce and the attraction of positions offering security and status. More than that, he was most attracted to positions offering intellectual freedom, beyond the confines of national policies and specific constituencies. He understood himself well enough to reject such boundaries.

In December 1929, he was approached about an unidentified position, ‘which would enable me to keep in touch with the things in which I am so tremendously interested and would probably be very attractive from a financial point of view’. He decided then to remain at Australia House as long as the new government retained confidence in him; even part-time, his connection with the imperial bodies would enable him to ‘influence Imperial Economic ideas’. He was tempted early in 1930 by a short-lived offer of a position in the Conservative Party’s Research Department. Soon after it was made, by outgoing Director, Lord Eustace Percy, Neville Chamberlain took over the organisation and wrote that he had decided against creating that position.

Bruce was in London in 1930, and helped devise a scheme for a similar organisation funded by business. Walter Elliot was involved, as was Brendan

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30 NAA, M111, 1929, McDougall to Bruce, 11 December 1929.
31 NLA, MS6890/3/1, Beaverbrook to McDougall, 25 January, 10 and 20 May 1930.
32 NAA/CSIR, A10666, [2], McDougall to Rivett, 23 December 1929.
33 NLA, MS6890/3/2, Chamberlain to McDougall, 29 March 1930.
Bracken, then a director of Moody’s-Economist Services Limited, and Sir Robert Horne. Moody’s was prepared to establish a department to collate information and statistics, not for party propaganda, but for ‘serious economic work’, and to pay McDougall £5000 per annum as its director. The plan hinged on Horne obtaining a guarantee of £10,000 for five years, and it is hardly surprising that it evaporated. McDougall tried possible sponsors. His cousin Sir Arthur Duckham, then about to become President of the Federation of British Industries, hoped politically influential industrialist Dudley Docker might help approach Sir Montague Norman, Governor of the Bank of England. McDougall thought Norman might be interested as he was said to believe a general tariff would be introduced and to be anxious that it not shelter inefficiency. McDougall also discussed the idea with Assistant Editor of *The Times*, R. M. Barrington-Ward. Bruce wrote several times from Australia asking about its progress.

In Australia Bruce helped Casey, then seeking to enter Australian politics, to canvass a somewhat similar scheme: a plan to provide a policy and organisational base for conservative politics, including a ‘Bureau of Economic and Political Research’. A paper by Sydney businessman T. S. Gordon fleshed out the idea, well beyond priming politicians with facts, figures and views of government agencies, to that of a clearing house for economic and market information from Europe, Asia and other areas of interest to Australia. It could have seemed attractive to McDougall. Many possible directors were considered, but Casey regarded him as the ‘plum’ in his list; Bruce, en route to London, was asked to sound him out on the basis of an annual salary of £1500 for three years. McDougall was doubtful. While ‘it has its attractive aspects…[it] also seems from a personal point of view to contain a high element of risk’. He would become a party man; he doubted his personal appeal in Australia, especially as ‘the intellectual level of the genus Politicus Australis is deplorably low’. As in 1924 his métier lay elsewhere:

> I have become a fairly specialised animal. I am highly developed about Empire trade, agricultural policy and tariffs. I have also devoted myself without stint to Empire economic co-operation here in London. I am regarded here as the one overseas person who can be intelligent on these subjects, therefore I feel that I can be of much greater service to Australia, the Empire and to England here than I could be in the Australian job.

Once again McDougall was unwilling to be pigeonholed. He saw himself working for something bigger than Australia alone but it was not enough to say

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34 National Library of Scotland [hereinafter NLS], Acc. 6721, Walter Elliot Papers, Box 3, Brendan Bracken to Elliot, 15 July 1930; McDougall to Elliot, 7 January 1931.
35 NLA, MS6890/3/3, Bruce to McDougall, 15 December 1930, 8 and 22 January, 11 February 1931.
36 NAAV, M1146, [128], cable from Casey to Bruce, 31 October 1931.
37 NAA/CSIR, A10666, [2], McDougall to Rivett, 4 November 1931.
he was working for the Empire. He had identified three broad sets of interests—‘Australia, the Empire and England’—and believed it possible to serve all three simultaneously. He appreciated how complex the Empire had become, but was not yet able to admit that the interests of its several parts could be in conflict.

In 1931, as in 1924, he made the right decision. The research organisation idea lapsed—despite the interest of ‘very powerful men’ in industry and commerce—through ‘indifference’.38 Cost, difficulties of finding the right staff and doubts about how much the bureau might be used were all factors.

**Broad-Based Economic Consultation**

A joint memorandum prepared by leaders of the Federation of British Industries (FBI) and the Trades Union Congress (TUC) just before the 1930 Imperial Conference urged

> the necessity for adequate machinery for economic consultation between the various parts of the Commonwealth. Unless such machinery can be set up, a proper investigation of the various problems cannot be achieved and the Governments of the Empire will not have a sound conception of the economic considerations involved or the detailed knowledge to guide their policy. At the moment, better machinery exists, in the shape of the Economic Organization of the League of Nations, for the discussion of economic questions between this country and foreign countries than exists for the purpose of considering Commonwealth economic problems.

These words could well have been written by McDougall, and were at least inspired by him: he had long worked with the FBI. The joint memorandum proposed an ‘investigatory’ British Commonwealth trade conference of government, industry, agriculture, commerce, finance, shipping and labour to review ‘every question affecting inter-Commonwealth trade’, with a view to drawing up an agenda for the next Imperial Conference. Regular conferences, together with a Commonwealth economic secretariat, would give the Commonwealth adequate machinery for dealing with economic problems of vital importance.39

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38 W. J. Hudson, *Casey*, Oxford University Press, Melbourne, 1986, p. 82. Bill Hudson drew my attention to Casey’s correspondence about the idea, in NAA, M1146, [128].
39 NAA/CSIR, A9778, M14/31/12. The memorandum is part of a much longer, undated and apparently incomplete document. It includes a report of a visit by Sir Arthur Duckham and shipbuilder Sir James Lithgow to Canada to discuss promoting reciprocal trade, and a report of a Joint Preparatory Committee (for the Imperial Conference) representing the FBI, the Association of British Chambers of Commerce and the UK Chamber of Shipping.
In January 1931, McDougall wrote a memorandum arguing that the likely British adoption of tariffs demanded nonpartisan, broad-based study of problems, provision of data and appropriate safeguards, in order to ensure the support of finance, industry, commerce and labour. He suggested formation of a small research organisation. In a second version, dated 2 February, McDougall suggested a body including representatives from all interested groups to tackle issues including tariffs, rationalisation of empire industry, and home and empire agricultural policy. Political representation ‘would be best served by the inclusion of three independently minded men’. He meant that they should be open-minded on the tariff question, and nominated Elliot, Sir Oswald Mosely and Liberal Member of Parliament E. D. Simon. Sending the February version to Elliot, he wrote: ‘I really feel that the way to tackle this problem is to enlarge the scope and importance of the idea [of a consultative group].’

The idea for a consultative group was discussed with Elliot and others early that year. McDougall referred to it as ‘my idea’. He reworked his memorandum of January and February more fully in June 1931. McDougall’s approach was reminiscent of a declaration the previous December by leading Conservatives, including Walter Elliot, that the public lacked confidence in politicians. It also called for ‘rigorous economy’, scientific methods of production, ‘a reasonable measure of protection’, imperial economic reorganisation and use of Britain’s large consumer market as a tradeable asset. Beaverbrook had also made ‘a consistent attack both on parliament as a talking shop and on the Executive as a captive of the interests’; he called for inputs from finance, industry and unions. McDougall wrote:

The record of the present Government and of the last Conservative administration, makes it clear that industry cannot rely upon political parties to carry out this work. Political parties are inevitably tied by immediate electoral considerations and the political atmosphere is especially unsuitable for economic sanity.

The civil service is too wedded to existing economic practice and is insufficiently constructive for the initiation of new policy.

The proposal of the F.B.I. that when a party pledged to fiscal change takes office, it should be urged to establish a Tariff Board is a recognition that reliance cannot be placed either on politicians or on the Civil Service

40 NLS, Acc. 6721, Box 3.
41 Ibid., reports of the declaration, published on 17 December 1930.
as at present constituted. Such a Tariff Board would, however, be of
necessity a part of the Government machine and could not be regarded
as expressing the voice of industry, commerce and finance.

No machinery yet exists whereby industry as a whole, commerce,
shipping and finance, can jointly consider economic problems in such a
way as to secure definite action.

He went on to consider the possible aims and structure of his proposed body.43
Disillusioned with politics and bureaucracy, McDougall had begun to think
beyond existing structures. The idea of gathering expertise from many quarters
would remain a feature of his strategies in the future. Pragmatic and flexible,
he would always aim to achieve the broadest possible composition of networks.

McDougall wondered about continuing to represent Australia on imperial bodies
while acting as part-time director of this secretariat; he thought the functions
would work well together. Casey recalled: ‘I had often talked to him about some
such job…It is a most worthwhile Imperial task [which] might well become
more important to the Empire generally than the job he is now doing.’ Rivett
agreed with him.44

By September 1931, however, nothing had developed and McDougall feared
‘the financial crisis may render further progress difficult’. In December he
was approached, tentatively, about a part-time position developing an empire
policy for the FBI—apparently now acting alone—but he doubted it would
materialise.45 The final blow was probably the sudden death early in 1932 of his
cousin Arthur Duckham, then FBI President and a driving force in the scheme.
McDougall remained interested in the possibilities of the idea. Early in 1932,
at the suggestion of Ormsby-Gore, he wrote to Neville Chamberlain, offering
himself for membership of a tariff advisory committee, which he expected to be
responsible for ‘shaping the tariff policy’.46

A Ferment of Ideas

In the 1920s McDougall had cultivated ‘intelligent’, young reform-oriented
Conservatives like Elliot and Harold Macmillan, who were interested in the
imperial vision.47 Like McDougall’s, their ideas developed in new directions in

43 NAA/CSIR, A10666, [2], ‘Proposal for a Consultative Group and Economic Secretariat’, 9 June 1931, sent
on 10 June to Rivett.
44 Ibid., Casey to Rivett, 28 July; Rivett to McDougall, 30 July 1931.
45 Ibid., McDougall to Rivett, 2 September and 12 November 1931.
46 NLA, MS6890/3/4, 19 February 1932.
47 LFSSA, 53, 10 February 1926, p. 158.
the ferment of the Depression years. Both were influenced to some extent by McDougall’s work, and his ideas reflected some of theirs. All three believed in economic planning and sought to broaden inputs into that planning.

Elliot ‘owed a special intellectual debt’ to views discussed by an ‘Imperial Study Circle’, which included McDougall. Other colleagues or contacts of McDougall in the group included E. M. H. Lloyd, economist Sir Arthur Salter, Conservative politician Lord Eustace Percy and Sir Edward Davson, a member of the IEC. The group’s thinking ‘reflected…progressive economic opinion on intra-imperial trade issues’. Elliot believed the economic crisis was no aberration, but the result of ‘technological change and growth of productive capacity leading to a permanent state of “glut”’. He had moved beyond imperial solutions to a view that the problem ‘could only be solved by governmental organisation and management’. He sought ‘a measure of centralisation of control’ to bring ‘the activities of separate industries…into harmony with the national interests’. In March 1930 he told the Royal Institute of International Affairs: ‘if there is one lesson which the twentieth century is teaching us, it is the necessity for long-range planning.’ He wanted ‘the present economically “ignorant” legislature’ replaced or combined with an industrial chamber.48

In his autobiography, Harold Macmillan records influence on his own thinking of three anonymous articles published in The Times in January 1932, under the general heading ‘A True Tariff Policy’.49 The articles were written by McDougall, who was pleased to learn from The Times political reporter that they were ‘being quoted and their arguments used in talks taking place in Cabinet committees’. Some attributed them to Elliot; McDougall swore him to secrecy.50 Subtitles suggest the thrust of their arguments: ‘The Lever of Progress’; ‘The Producer’s Angle’; ‘Efficiency as a Condition’. Discussion in the third article about ‘the sort of tariff commission which should be set up’ led Macmillan to develop the idea of a commission ‘planning the growth of the nation’s economic life’, extending it ultimately to a ‘sub-parliament’, representing labour, management, producing and consuming industries, to consider, inter alia, imperial trade policy and financial and monetary problems. The idea resembled McDougall’s suggestions for combining diverse interests in a deliberative body linked to an imperial secretariat, although it lacked the dimension of imperial organisation. Macmillan continued to apply this planning approach to a range of economic issues in the mid 1930s.51

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49 The Times, 13, 14 and 15 January 1932.
50 NAA, CP103/12, bundle 21/12, McDougall to Bruce, 21 January 1932; NAA/CSIR, A10666, [3], McDougall to Rivett, 21 January 1932.
Preparing for Ottawa

In the late 1920s, British interest in both tariffs and empire grew. Disillusion with trade liberalism was driven by persistent unemployment at about 10 per cent, as British industry failed to regain its share of export markets in the face of strengthening European competition and a slow shift towards newer sectors of industry—electrical goods, chemicals and motorcars—which depended more on domestic and imperial markets and had less to fear from a preferential tariff. As world cereal prices weakened, agriculture also needed help. Imperial policies gained support from the political right and much of Labour. By 1929 most of industry supported protection; in 1930 prominent merchant bankers signed a pro-protection manifesto, and industry organisations campaigned for working-class support for a tariff. This was the fertile ground in which McDougall laboured for what he believed to be the imperial cause.

The onset of depression increased protectionist pressure, but politics remained the stumbling block. The Labour Government elected in 1929 depended on Liberal support; key economic portfolios were filled by free-traders, including intransigent Philip Snowden as Chancellor of the Exchequer. Cabinet was divided. The National Government formed in August 1931 bowed to economic and political pressure, enacting a 10 per cent revenue tariff on a wide range of goods. It was expected that a full imperial preference system would be created at an Imperial Economic Conference in Ottawa in 1932.

The British Government planned bilateral negotiations with the dominions, both at home and in London, as a preliminary to the Ottawa meetings. Bruce, who had been returned to Parliament after the fall of the Scullin Government late in 1931, was appointed Assistant Minister in the new Lyons Government and headed a Cabinet subcommittee in Canberra preparing for the conference; McDougall was placed in charge of negotiations in London. Talks beginning in February 1932 examined Australian and British requests for tariff concessions in detail. McDougall’s method of dealing with each commodity was to submit the facts in the form of a memorandum, as a basis for discussion. His questions were referred back to the Board of Trade, thence if necessary to the FBI and the individual industry. The process was amicable. He thought British representatives appreciated the opportunity for such close discussion with one dominion, which helped them to ‘clear their own minds and to see the whole situation in proper perspective’.

53 Ibid., pp. 48–54.
54 NAA, CP103/12, bundle 21/10, McDougall to Gunn, 21 April 1931; bundle 21/13, McDougall to Gunn, 14 April.
McDougall was able to argue at a detailed level without losing sight of principles. His mastery of minutiae, of details of complex industries and of their places in the Australian economy, in the empire and in world trade, can be observed in his memoranda; in the records of meetings; in endless detail about chilled and frozen beef, pork and bacon, light and fortified wines, barley for malting or for stockfeed; in lists of percentages of imports and exports grouped and sorted a dozen ways; in explanations of where Britain obtained supplies of this food and that raw material, where they might be obtained if duties were imposed, where suppliers might sell if not to Britain, and what effect an extra penny a pound duty might have for British consumers. His power of persuasion rested in considerable measure upon his grasp of this material. He had help with its preparation, but his strength lay in his ability to take it as ammunition for argument. It was never better demonstrated than in these discussions.55

McDougall did not limit his efforts to officialdom. A *Times* leading article dwelt on the unprecedented opportunity at Ottawa for effective economic cooperation. There should not be sacrifices; each empire government should aim to encourage empire trade to the greatest extent compatible with its own economy. ‘The most promising line of approach is through a broad development of the principle of complementary production’, it declared, giving as an example one of McDougall’s favourite cases: the Australian electrical industry. Sending a copy to Rivett, McDougall explained: ‘I never write *Times* leaders, what I do is go and see the leader writer and discuss with him what he is going to write!!’56

### Ottawa

Opening speeches at the Ottawa Conference dwelt on the example of cooperation about to be presented to the world. Its real business was hammered out in bilateral discussions leading to conclusion of 12 trade agreements, seven of them between the United Kingdom and a dominion. In the series of meetings between British ministers and their Canadian, Australian and New Zealand counterparts—essentially the centrepiece of the conference—high moral purpose degenerated to abrasive bargaining. W. K. Hancock reminds us that it was a gathering ‘of anxious and suffering nations, desperately intent upon a task of economic salvage’. While the participants could be criticised for intellectual

55 Records of McDougall’s discussions with British officials are in UKNA, BT 92/12, as are the reports of Britain’s Senior Trade Commissioner, R. W. Dalton, of his discussions in Australia. McDougall’s reports to Canberra are in NAA, CP103/12, various bundles. His memoranda are, as always, scattered through these and other sources.

56 ‘The Importance of Ottawa’, *The Times*, 22 March 1932; NAA/CSIR, A10666, [3], McDougall to Rivett, 31 March 1932.
inconsistency and muddled thinking, ‘it would be unjust and profoundly misleading not to keep constantly in mind the crisis atmosphere’ in which they met to deal with ‘unprecedented economic calamity’.\(^{57}\)

The Australian delegation comprised two ministers: Bruce and H. S. Gullett, Minister for Trade and Customs. It had ten official advisers,\(^{58}\) six official ‘consultants’\(^{59}\) and more unofficial advisers and lobbyists. Delegates had one hundred and sixty-nine documents to digest. No decision had been made beforehand about ‘exactly what they would do, or how’. The British delegation, representing a non-party government, had ‘agreed to disagree’ on policy. I. M. Drummond points out that no British minister or civil servant had been involved in such trade negotiations with any country; they were called upon ‘to construct seven major trade agreements in thirty-one days’. By the end they seem to have been pleased ‘not so much with the agreements’ terms as with the documents’ existence’.\(^{60}\)

Current economic conditions must have made bargaining more desperate than it might have been in kinder times. But the underlying problem was that the empire had outgrown the visionary idea of complementary trade. There were conflicting interests that no imperial preference scheme could resolve. McDougall’s desire to see the Australian canned-fruit industry encouraged in schemes for rationalised, complementary production was thwarted in his preliminary discussions by British policy to develop horticultural and processing industries.\(^{61}\) Canada and New Zealand were in conflict over butter: low wheat prices had stimulated Canadian dairy production, which then faced US tariff restrictions against cream. Canadian farmers agitated against imports of New Zealand butter, which enjoyed comparative advantage.\(^{62}\) Britain was anxious not to offend Denmark, an essential supplier of dairy products, or Argentina, a major supplier of meat and recipient of British investment.\(^{63}\)

Australia’s primary concern to secure the British market for its meat was successful, but at a cost. Meat had not been included in Britain’s 10 per cent

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58 E. Abbott and A. C. Moore, Department of Trade and Customs; L. E. Stevens and C. B. Carter, Department of Commerce; J. F. Murphy, Prime Minister’s Department (Secretary to Delegation); A. E. V. Richardson, CSIR; E. C. Riddle and L. G. Melville, Governor and Economic Adviser, respectively. Commonwealth Bank of Australia; L. R. Macgregor, Australian Trade Commissioner in Canada; and McDougall. NAA, A1667/1, 430/B/18, ‘Report of the Conference’.
59 W. C. Angliss, meat interests; S. McKay, Chambers of Manufactures; R. W. Knox, Chambers of Commerce; F. H. Tout, Graziers’ Federal Council; H. W. Osbourne, Dairy Produce Control Board; M. B. Duffy, adviser on labour questions. Ibid.
61 NAA, CP103/12, bundle 21/13, McDougall to Bruce, 16 June 1932; UKNA, BT11/92, McDougall to Wilson, 18 June, minutes of discussion with McDougall at MAF, 24 June 1932.
62 Hancock, *Survey*, p. 212.
general tariff imposed by the National Government. Chamberlain preferred a quota system, believing that the British livestock industry contributed to the ‘general prosperity’ of the nation; that Argentine exporters could dominate the market even with a 10 per cent tariff; and that frozen meat from southern dominions could not compete with the chilled Argentine product. Dominions ‘wanted the foreigners to be pushed out of the U.K. market altogether’, but were forced to consider a quota which, after hard bargaining, was extended to include restrictions on foreign imports of mutton and lamb. It was a ‘makeshift’ and unsatisfactory arrangement, which did not deal with the fundamental problem of falling prices.64

By 1932, dairying had become the most successful intensive farming industry in Australia; butter ranked third after wool and wheat in overall exports and had overtaken wheat in the UK market. A depression-induced surge in rural production was particularly marked in dairying. After Ottawa, in the unrestricted market of the United Kingdom, the percentage of butter imports from Australia doubled that of the late 1920s and prices fell from 109 shillings in December 1930 to 67 shillings in April 1933. A British Government proposal for restricting supplies was supported by both McDougall and Bruce, at least as a temporary measure. It was opposed in Australia, where the dairy industry wielded considerable political power. Bruce’s arguments for voluntary regulation were supported by Lyons, but rejected by State premiers and ministers for agriculture. Australian meat and butter imports into Britain continued to increase until, under terms agreed at Ottawa, Britain proposed to introduce quotas for the second half of 1934. Despite Bruce’s continued urging that cooperation was preferable to compulsion, Australian governments, State and federal, refused to cooperate—alone among the dominions. Bernard Attard comments that Australia expected too much of its relationship with Britain: ‘it demanded a guaranteed proportion of the British market far greater than it had ever previously supplied or could hope to consistently in the future.’65 Attard also concludes from this case that Bruce’s influence ‘over the formulation and implementation of commercial policy’ by a government constrained by various political and economic conditions was more limited than has been argued by others, including John O’Brien, who has suggested that ‘Bruce and McDougall had all the semblances of a government in exile’.66

The Ottawa Agreements could not create the cooperative, rationalised system McDougall had hoped for. I. M. Drummond has suggested that the agreements created ill feeling within and beyond the Empire. The meat quota agreements

64 Ibid., pp. 152–6.
The Vision Ends

argues that Australian success was a hollow victory, leaving Britain determined not to let empire considerations outweigh national interests again, and Australia unduly complacent, with its prospects of success in subsequent negotiations with Britain damaged. Hard bargaining characterised imperial trade relations in the 1930s. Kosmas Tsokhas suggests Australia did well despite having to concede some reduction in its own tariffs: Australian exports benefited from a depression-mandated devaluation and Australian exports to Britain returned to pre-1929 levels by 1936; British exports to Australia remained at only half the earlier level. Australia’s Tariff Board interpreted Ottawa clauses, intended to ensure equal competition between British and Australian industry, as requiring ‘a marginal advantage to the Australian manufacturer’. Australia used the ‘diversion’ of wool sales from Japan to bargain for expanded meat exports to Britain, at very little actual cost to the wool industry.

Harmonising interests, even of countries owing allegiance to a common heritage and crown, proved difficult if not insuperable. Yet Francine McKenzie concludes that

...the importance of imperial preference lies not only in the domain of reason, or economic calculus, but also in the realm of emotion and political symbolism...imperial preference cannot be fully understood without considering its emotional force...Preferential tariffs touched upon issues of power, identity and alliance, subjects about which bureaucrats, politicians and ordinary citizens had strong, sometimes visceral, feelings.

Complex attitudes to empire and nation persisted.

There is no doubt, however, that the United States viewed the Ottawa Agreements with implacable hostility. The incoming Roosevelt Administration was viscerally anti-imperial. Anti-imperialism certainly fed on opposition to British colonial policies, and in the 1930s was linked to what was described as a US free-trade policy. But this was ‘qualified free trade’. Tariffs, traditionally used to protect developing American industries and agriculture, were not objectionable; discrimination and tariff preference were. Imperial preference was, in the view of Secretary of State, Cordell Hull, ‘a grievous injury to US

69 Tsokhas, Making a Nation State, pp. 106–11.
70 McKenzie, Redefining the Bonds of Commonwealth, pp. 261, 265.
commerce’. Hull led a campaign to free up international trade and dismantle preference; in 1934 the Administration gained congressional authority to negotiate bilateral trade agreements; an agreement in 1938 with Britain brought ‘a marked benefit to US agriculture’. McKenzie identifies ‘intertwined’ motives underlying ‘the passion and indignation’ inspired by the imperial tariff in the United States. One was to eliminate empires from the international community and involved an element of altruism. But Americans also believed ‘that by liberalizing the postwar international economy, American values of freer trade, unrestricted competition, and democracy would become universal and the US would be in a position to dominate the postwar world’.74

**Cooperation and the Empire Marketing Board**

The idea of a permanent body to coordinate empire economic policy had gained a foothold in London, partly as a result of EMB publicity and Beaverbrook’s vigorous campaigning, but also as a counter to rising tariffs and economic nationalism in Europe and the United States. It was much less welcome in the dominions where, in varying degrees, opposition to potential imperial control was combined with reluctance to bear the cost of such a body. The economic crisis threatened all funding in Britain, and was particularly dangerous for the EMB, which was still the object of Treasury suspicion. The 1930 Imperial Conference had praised its work, but its friends and staff grew anxious as the crisis deepened.

British opinion had favoured broadening control and financing of the EMB since 1929. McDougall developed ambitious plans to remodel it as a truly imperial body. A committee, including McDougall, formed to consider relevant resolutions of the 1930 Imperial Conference, recommended extending membership to representatives of the overseas empire and reconstitution as a body incorporated under Royal Charter with a fixed annual income.75 In the Research Grants Committee, McDougall argued for a policy of making more funds available for overseas research, and chaired a review allocation committee set up for that purpose.76

Insurance magnate Sir George May headed a committee of accountants, businessmen and labour representatives with the task of identifying economies in government. The majority report, published on 1 August 1931, recommended

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75 NAA/CSIR, A9778, M14/31/5, Report of Committee, 21 May 1931.

76 NAA/CSIR, A10666, [2], McDougall to Scullin, 10 February 1931.
reductions worth £96 million, mainly from social services, unemployment insurance and government salaries. It also recommended abolition of the EMB. The Labour Cabinet split over its implementation, resulting in formation of a National Government on 25 August.

An anxious Rivett wrote to McDougall that the dominions should offer ‘as a matter of good business…financial support to keep the Board going as an Imperial concern charged with the central oversight of the work of stimulating intra-Empire trade and of developing, as far as possible, team work in research’. McDougall ’stirred up two or three significant people to write to the press and… to Neville Chamberlain, Sir Robert Horne and to several industrial leaders’. He asked Walter Elliot to request that South African statesman Jan Smuts, then about to become President of the British Association for the Advancement of Science, should publicly acknowledge the EMB’s importance in centralising scientific and economic research. After formation of the National Government, he correctly predicted that Cabinet, which included supporters like Chamberlain and J. H. Thomas, would maintain the board with a reduced expenditure for 1932–33. He discussed possible economies with Tallents and was the only overseas member of a subcommittee to deal with funding cuts—’a heavy and most invidious task’. He persuaded the committee to request a lesser reduction and, given the need to reduce foreign imports, for £25 000 to be spent on a ‘great national campaign to buy British goods from home and overseas’. The national campaign was launched in November. Four million posters displaying the ‘Buy British’ slogan from windows of government offices and public transport; letters 15 ft high faced Trafalgar Square. The press offered free advertisements and the Prince of Wales led a series of broadcasts.

In preparation for Ottawa, McDougall had written memoranda giving detailed backgrounds of the various imperial bodies, and proposals to transform them into vehicles for imperial cooperation, as discussed in the two preceding years and refined in discussion with Tallents and Chadwick. He kept in touch with Bruce, who agreed dominions should share in EMB funding, albeit in token amounts during the financial crisis. One suggestion was that the IEC and EMB be integrated, with the IEC being the ‘economic consultative side’ of an organisation including a secretariat for an imperial council of ministers meeting annually. After discussion with Sir Geoffrey Whiskard of the Dominions Office and McDougall, Tallents drafted a plan to combine IEC, EMB and IAB into one body controlling all imperial economic activities. Besides machinery, he and McDougall considered tactics to persuade the more reluctant dominions at

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77 NAA/CSIR, A10666, [2], Rivett to McDougall, 11 August; McDougall to Rivett, 19 and 20 August, 10 and 23 September 1931.
78 NAA/CSIR, A9778, M14/31/12, McDougall to Mulvaney and to Rivett, 19 November 1931.
79 NAA/CSIR, A10666, [2], McDougall to Rivett, 10 December 1931.
80 NAA, CP103/12, bundle 20, memorandum IEC No. 3, ‘Imperial Economic Consultation II’, 13 January 1932.
Ottawa.81 McDougall’s final scheme abandoned the idea of a single body. Under the supervision and budgetary control of an imperial council, the EMB should serve as an umbrella organisation over the Imperial Bureaux.82 He chaired an ‘animated discussion’ with overseas EMB members on methods of finance; H. A. F. Lindsay, Government of India Trade Commissioner, suggested a levy on empire imports into Britain, leaving McDougall to draft a proposal.83

The Cabinet Estimates Committee recommended a review of the EMB, a ‘Colonial Development Fund’ established in 1929 chiefly as a means of relieving unemployment, and the Advisory Council for Agricultural Research, to resolve overlaps and inefficiencies. It argued that Britain’s adoption of a tariff in 1931 removed the raison d’être of the EMB. McDougall told Bruce he doubted any serious intention to abolish it. In the same letter, he enclosed a cutting from the Manchester Guardian, reporting schemes for a new organisation to replace the EMB and outlining one that was ‘largely the work of Dominion representatives here’ and was ‘believed to have a big backing’. The item resulted, McDougall explained, from ‘a certain leakage of the very confidential paper which I gave to you when you were in London…I am going to suggest that the paper should be circulated at an early date’.84

The Skelton Committee

On the Ottawa Committee on Methods of Economic Co-operation, Canada’s Minister for Mines, W. A. Gordon, stated bluntly that if the EMB were to continue, it should be a British, rather than an imperial, board. Canada had the staff and facilities to solve all its own problems. Bruce proposed, as a solution to the resulting impasse, that representatives of all empire governments consider the problem of cooperation and report in 1933. Dominions Secretary J. H. Thomas undertook to keep imperial machinery functioning until then.85 McDougall was disappointed but hopeful. After a ‘heart to heart’ talk with Canadian Prime Minister, R. B. Bennett, Bruce believed there was a fair prospect of Canadian cooperation.86 EMB staff were less sanguine. Elspeth Huxley wrote: ‘I gather that the staff is fed up to a man…Personally, I feel that a speedier and more dignified end would have been cleaner than this year’s reprieve…it’s real purpose in life is over.’87

81 Ibid., ‘Some Notes on Inter-Imperial Economic Machinery’, drafts sent to Bruce on 8 and 23 March.
82 Ibid., ‘The Future of Imperial Machinery for Economic Co-operation and Consultation’, 3 May.
83 NAA, CP498/1, 430/AA/13, memorandum reporting the meeting on 30 May 1932.
84 NAA, CP103/12, bundle 20, McDougall to Bruce, 7 April 1932.
85 NAA/CSIR, A9778, M14/32/5, Richardson to Rivett, 5 September 1932.
86 NAA/CSIR, A10666, [3], McDougall to Rivett, 8 September 1932.
87 NLA, MS6890/2/4, Elspeth to McDougall, 23 August 1932.
McDougall did his best to ensure the 1933 committee reported favourably. He sought a memorandum of support from Rivett and prepared one himself. It shows him thinking still much as he had before Ottawa, with perhaps more attention to dominion sensibilities concerning status and representation. He kept in touch with an interdepartmental committee preparing the British case and worked with British delegates Sir Horace Wilson and Sir Fabian Ware, heartily approving their decision to propose Canada’s O. D. Skelton as chairman. Skelton, Deputy Minister of the Department of External Affairs, ‘felt strongly about Canadian nationalism and shared [former Prime Minister Mackenzie] King’s suspicion of and opposition to foreign, and particularly imperial, entanglements’. During King’s premiership, Skelton had been, unobtrusively, ‘one of the half-dozen most powerful men in the country’. He remained in his position, becoming ‘as indispensable to the new Prime Minister as he had been to the old’. He had constantly opposed both the IEC and the EMB, on grounds of independence and national self-respect: ‘Canada does not want to go “on the dole”’. When the committee met, McDougall worked hard to convince Skelton ‘that I was just as keen as he was on maintaining the spirit of nationhood of the dominions’. In hearings he did what he could to draw out witnesses with ‘helpful leading questions’.

The Skelton Committee on Economic Co-operation sat in London, often three times a week, throughout February and March 1933, hearing evidence from imperial bodies and holding intensive discussions. Records of these show considerable unanimity. There was broad agreement on the value of empire cooperation but also, as McDougall put it at a late stage, nobody wanted ‘an Imperial Economic Secretariat’; nor did they want ‘a large common fund which could be drawn upon by any government for the support of its own scientific or economic services’. This admission must have cost him some pain: he certainly had wanted the first and something approaching the second, but was forced to acknowledge the general mood.

Disagreement came when delegates turned to discuss what they did want. McDougall, at one extreme, argued for the value of centralised research and information dissemination, drawing on his long experience of working with the EMB. His formidable opponent was Colonel G. P. Vanier, Official Secretary at the Canadian High Commission. Vanier, a decorated war hero, was to continue a

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88 NAA/CSIR, A10666, [3], McDougall to Rivett, 26 October, 17 and 23 November, 8 December 1932, 2 February 1933; memorandum, ‘The Empire Committee’, 30 January 1933.
89 Ibid, McDougall to Rivett, 9 February 1933.
92 NAA/CSIR, A10666, [3], McDougall to Rivett, 16 February; A10666, [4], 16 and 22 March 1933.
93 NAC, RG25, External Affairs, vol. 1632, 731, FP(16–23), Meetings of Committee on Economic Consultation and Co-operation, Minutes of 5 April 1933, p. 2.
senior diplomatic career and to be Governor-General of Canada from 1959 until his death in 1967. He spoke persuasively of a changing relationship, significantly choosing the term ‘Commonwealth’:

The Commonwealth has evolved…and its members have developed in natural and cultural resources, in national consciousness and in economic integration. The Commonwealth has become decentralised…

We recognise today that the co-operation we seek to effect must take place in Canberra and Cape Town…as well as in London, and that there should be instruments or agencies of co-operation not only between New Zealand and the United Kingdom but also between New Zealand and Canada. The United Kingdom remains, and will long remain, easily first, in the range of its scientific and economic achievements, as well as in the numbers and quality of its workers in those fields; London will remain the most important focussing and contact point, but in their varying and modest ways, Dublin, St Johns, Salisbury, Delhi and Ottawa have come to occupy a place in the picture.

Vanier described scientific research as ‘an essential phase of national activity… an indispensable and integral part of a nation’s intellectual life’. Cooperation should not be achieved through a ‘permanent central authority’, but through periodical conferences and exchanges of workers and research programs. Coordination of statistical services and research into economic questions was essential, but a permanent central body would not deal competently with the changing range of economic issues and varying aspects of problems throughout the Commonwealth.

If such an effort were made, it would involve navigating in the perilous waters of governmental policy, and probably prove more embarrassing than helpful…expert assistance must be available, on the spot, to aid each Government in the daily tasks of administration, particularly now that the economic position is changing from week to week and from day to day.

Once again, Vanier advocated ad hoc cooperation.94

The southern dominions objected that periodical conferences posed practical and financial difficulties. McDougall acknowledged that in many fields there were local problems, but there were also fundamental problems better tackled jointly: the pasture research being undertaken in several empire countries needed ‘an intellectual general headquarters in the Commonwealth’; it already existed at Aberystwyth.95

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94 Ibid., FP(1–15), minutes of 20 March 1933, pp. 20–8.
95 Ibid., minutes of 24 March, pp. 5–8.
Both Vanier and McDougall spoke at considerable length and with authority for their governments: Vanier because Skelton chaired the committee, McDougall because by then Bruce was in London as Resident Minister. Most overseas representatives were less certain of official opinion and stressed that their views were personal. These views ranged between the extremes: South Africa generally agreed with the Canadian position; New Zealand, representing ‘one of the smaller dominions with perhaps not the same financial resources’, was appreciative of the advantages provided by the EMB but took a middle view; Newfoundland, ‘hitherto…largely ignorant of the advantages to be derived from co-operation’, hoped they could continue.96 Representatives of India, the United Kingdom and the colonies were close to McDougall’s position, with some reservations.

There were differences of opinion about publicity and market promotion. All agreed that EMB work had brought a valuable change in public opinion about the empire; India and Southern Rhodesia wanted it to continue; Canada and New Zealand thought it should be left, in most cases, to individual countries. Both were conscious of their current conflict of interest over butter: publicity ‘should not tread upon the dangerous ground where there were competing products from various parts of the empire’.97

Most delegates wanted some form of imperial organisation to continue. Canada opposed ‘a central organisation with large funds, a roving commission and growing staffs’, but conceded that one or two functions of the EMB should continue on a cooperative basis. New Zealand opposed creation of an ‘Empire League of Nations’, but supported ‘some form of imperial economic council’ to facilitate liaison between empire governments on proposals for action by specialised bodies.98 All agreed that the IEC should continue, as should trade surveys and market intelligence. Impressive evidence had been given to the committee about EMB work in these fields: it was filling gaps in what was offered by the International Institute of Agriculture at Rome, and had obtained the first outside information about agricultural production in Russia, and in Argentina. E. M. H. Lloyd predicted an empire service could outdo that of the United States, which served only the needs of its own growers.99

All agreed on the importance of continuing the Imperial Agricultural Bureaux. McDougall’s opinion, confirmed by the written record, was that Orr’s evidence, combining ‘a certainty of utterance with a modesty of demeanour’, created ‘a profound effect on the committee’. Sir Rowland Biffen’s ‘somewhat cynical

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96 Ibid., R. S. Forsyth and W. C. Job, minutes of 20 March 1933, pp. 37–44.
97 Ibid., FP[16–23], Minutes of 27 March, p. 23, R. S. Forsyth.
98 Ibid., Minutes of 29 March, pp. 1–8.
detachment made his advocacy of the Bureaux all the more impressive’. 100 Biffen admitted to scepticism when the idea of a Bureau of Plant Genetics was suggested late in 1928:

I pointed out then that there were a couple of journals in existence, and that the whole of our literature on what was...a new subject was fairly well centralised...but now I am perfectly convinced that nobody can get on without this abstracting service, merely because of the enormous growth of this highly specialised subject...in the last two years we have had to look for papers in no less than 330...journals...the output of literature in genetics at present works out at something like thirty pages of print a day...the average worker is simply overwhelmed with material which he has to consult. 101

When McDougall put forward his idea for a levy on exports, Canada objected that the income would be ‘unstable’ and fluctuating, with administrative difficulties. Moreover, it would not be fair: a Canadian levy would come mainly from wheat exports, which could not be helped by any empire body. Only India was prepared to support a levy outright. 102

Tallents explained a change in the role of the EMB, stemming from the meetings of heads of empire scientific bodies at the 1930 Imperial Conference. Until then, the function of the RGC had been to assess applications for assistance, but

we came to the conclusion that the right policy of the Board, now that it had found its feet, was, with the help of [scientific institutions in the empire], and in consultation with them, to work out a programme and to some extent take the initiative in consulting them as to what they regarded as the major problems...We have really passed from being merely a target for applications and giving advice to something more active. 103

Canada was determined to avoid continuation of such an ‘active’ role by any imperial body. None should have any executive role or right to initiate work. McDougall proposed, as a compromise solution, a right to recommend services, as distinct from policies, on research and economic intelligence. 104 The committee’s report was signed on 11 April on this basis.

100 NAA/CSIR, A10666, [3], McDougall to Rivett, 9 March 1933.
104 Ibid., Volume 1632, 731, FP(16–23), minutes of 5 April, pp. 1–9.
McDougall—‘dreadfully disappointed’—continued to hope. The outcome provided ‘a basis upon which Empire Governments can, if they will, build up again a really satisfactory system of Imperial economic and research services’. The report was signed on the understanding that empire ministers would discuss the findings when they attended the World Economic Conference in London that summer. They might ‘take a more liberal view of the recommendations than it was possible to achieve on the Committee itself’. They did not. Bruce pressed for a special meeting on imperial economic problems and the Skelton report. Ministers gathered at 10 Downing Street, but Bruce failed to get any discussion of the report or of the EMB; they simply agreed to recommend the report to their governments. ‘Everyone was determined to get away for their summer holidays; everyone was tired and the two-and-a-half hours—of which only one was spent on economic subjects—was all the time that Ministers were prepared to devote to the economic problems of the British Empire.’ For once, McDougall’s optimism failed him: ‘No doubt after one has had a holiday…one will shake off the sense of discouragement.’

The British Government accepted that ‘the [Skelton] report represents the maximum on which unanimity was possible’. I. M. Drummond writes: ‘Thus finally expired the dream of an imperial economic general staff—killed, and rightly, by a fact: that economic policy is political, not just technical.’ McDougall had perhaps failed fully to accept that decisions taken at a Cabinet table must take account of what seemed good policy and of what could be afforded, but also of what electorates would be willing to bear. It could be a difficult task for a single government. It verged on the impossible for representatives of several governments each, in 1932–33, with suffering constituencies and conflicting needs. McDougall’s determination to maintain his own independence of action had freed him from worries about constituencies, budgets and pleasing ministers or department heads. The disadvantage was his reluctance to allow for factors constraining even the most powerful of men.

The negotiations at Ottawa showed clearly the flaw in the ‘sheltered markets’ theory. The ideas of the ‘empire visionaries’ could work only where economies were complementary. The economies of the British Empire might once have been so, but in the twentieth century they were changing rapidly; so were the national aspirations of empire governments. Any semblance of control by an imperial secretariat was simply unacceptable. Rivett’s expression of national aspiration had a moral twist: ‘That Great Britain should finance research in the Dominions was always, to my mind, rather a scandal and we need not regret

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105 NAA/CSIR, A9778, M14/33/3, McDougall to Rivett, 12 April 1933.
106 Ibid., A10666, [4], McDougall to Rivett, 25 May and 3 August 1933.
the passing of that little bit of charity; rather may one be ashamed that the Dominions failed to shoulder the load when their responsibility was pointed out to them.”

Yet the empire governments were faced with the heavy responsibilities of extreme economic pressures, and it was clear that efforts to devise empire solutions based on research, tariffs, quotas or anything else could not solve their chief problem: falling prices of staple commodities on a world scale. By 1933 McDougall was familiar with international efforts to solve that problem, and was ready to look for solutions beyond the empire.

108 NAA/CSIR, A9778, M14/33/9, Rivett to Sir Charles Martin, 10 November 1933.