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The imperial economic conference held in Ottawa in July - August 1932 was not a successful exercise in imperial economic co-operation. Instead it produced a series of bilateral trade agreements mainly between the United Kingdom and each of the dominions in turn. On the British side Ottawa was seen as confirming the move from free trade to protection that was made through the Import Duties Act of February 1932. Ottawa was also seen as a move toward greater reliance on imperial preference. But these policy shifts were hardly decisive. In terms of a recent judgment the protection was 'distinctly mild' and the imperial preference 'very diluted'.[1] Since imperial economic co-operation was the main policy plank of Britain's coalition 'National' government, it was the United Kingdom delegation (which included half the cabinet) that had to make most of the concessions during the Ottawa negotiations.

What the dominions mainly hoped for from Ottawa was that imperial preference would give them privileged access in the British market for their exports of primary products. While trade in general had shrunk since the onset of the Great Depression in 1929, the falls in volume and in price of their exports had been far greater than those for Britain's exports of manufactures. In the decade up to 1929 the dominions had been separately trying to increase their trade with foreign countries. The contraction of trade and the erection of tariff walls during the depression made this more difficult and increased dominion reliance on the relatively open British market. The hope of the dominions was that the British shift to protection would mean the imposition of tariffs against foreign supplies of primary products to the British market.

A further vital interest common to the dominions at Ottawa was the need to protect their own new secondary industries. They were all committed to protectionism of some kind prior to 1929 but the Great Depression had turned them into more devoted adherents. The falling prices for their exports meant that their imports of manufactures were harder to pay for. This underlined their need to achieve import substitution by protecting their industries. As a result the dominions were reluctant to make any major concessions, on the basis of reciprocal imperial preference, that would benefit British exports to their markets. They preferred to raise tariffs on foreign commodities rather than reduce tariffs on goods from the United Kingdom.

The move from free trade is sometimes seen in the context of Britain's political and economic decline in the twentieth century.[2] Free trade could no longer be relied on as a formula to ensure that Britain retained her status as a world power. The Ottawa conference took place near the end of the period during which the dominions were advancing toward fully fledged political and constitutional sovereignty, as epitomised in the Statute of Westminster of 1931. This shift of political authority from the imperial centre to the dominion periphery is consistent with the image of British political decline. But at the economic level, especially during the Great Depression, there is no necessary counterpart to this. The dominions experienced acute economic insecurity during the depression. Their trading dependence on the United Kingdom increased during these years (1929 - 1934) and

they looked to Ottawa to provide some shelter from the 'economic blizzard'. According to Hancock, in the aftermath of the conference the dominions shared a concern that 'the Ottawa plan of the British Commonwealth must not be alowed to modify the Statute of Westminster plan....the current of economic integration, whatever its strength might be would not be allowed to cut across [the] constitutional channels....'[3] But the fact that the economic dependence of the dominions on Britain persisted after Ottawa pointed to the danger that the dissolution of the bonds of formal empire might be counter-balanced by the survival of those of informal empire.

In a general way South Africa's stake in the Ottawa proceedings was similar to that of the other dominions. But there were also features of South Africa's involvement that were distinctive. The approach of the Union government to the issue of imperial preference had sharply altered with the advent of the Nationalist - Labour Pact government in 1924. Hertzog's long-standing principle of 'South Africa first' meant that in the event of a conflict of interests between South Africa and the British Empire it should be the interests of the former that prevailed. Over the years he had made it clear that the principle applied to the economic as well as the political sphere. In the case of the former the Union government should pursue the goal of economic independence or self-sufficiency. There was thus a component of economic nationalism in Nationalist policy that, following its endorsement by the Labour Party, entered the Pact programme. The Union should find ways of reducing its economic dependence on Britain.

The explicit commitment to this ideological goal under the Pact was far stronger than any equivalent programme entertained by the governments of the other dominions. The Pact policy demanded that the Union move away from imperial preference. The new Minister of Mines and Industries, F W Beyers, described imperial preference as a 'ring fence' that blocked South Africa's efforts to increase its trade with other countries. The most notable of these efforts was the controversial commercial treaty that South Africa concluded with Germany at the end of 1928. The treaty contained no express provision for safeguarding the existing preferential arrangements between South Africa and Britain.[4]

A further aspect of economic nationalism as pursued by the Pact was the promotion of manufacturing industry in South Africa. This was to be achieved through a policy of tariff protection. In addition, direct state initiatives to establish new industries were soon taken, notably in the legislation to establish the Iron and Steel Corporation in 1928. In 1924 legislation was passed reconstituting the Board of Trade and Industries. Four full time members were appointed under the chairmanship of A J Bruwer, an academic economist who was a proponent of protection.[5] The Board was intructed to submit recommendations for the revision of the Union's tariff policy. Part of its response, as will be shown below, was a sustained attack on imperial preference led by Bruwer.

I

The basis of the Pact government's policy regarding imperial preference was a report published by the new Board of Trade and Industries. Entitled 'South Africa and Imperial Preference', the report called not for the abandonment of the preferential arrangements with Britain, but, in effect, their rationalisation. From a South African standpoint several 'defects' of the existing arrangements were diagnosed. It was held that the arrangements that had evolved, instead of being on a quid pro quo basis, were one-sidedly in Britain's favour. Also under the existing 'haphazard system' a policy of protection for South African secondary industries would be less effective. The report claimed that the South African consumer did not get the full benefit of the preferences given by Britain and pointed to the sacrifice of revenue that resulted from the importation of British goods enjoying preference. The preferential system required the dominions to practise discrimination against countries outside the British Empire. Discrimination could well result in retaliation, yet the best prospects for the expansion of South African exports lay outside Britain since the possibilities of that market had already been fully explored.

The Board's main recommendation therefore was that the preferential arrangements with Britain should be placed on a quid pro quo basis 'and that similar concessions be extended to countries outside the British Empire in return for equivalent reciprocal advantages'. The necessary reduction in the value of the preferences given to Britain was to be secured by limiting these to a narrower range of specified commodities.[6] Commenting on the the Board's report, the Union's Commissioner off Customs and Excise, J D Heddon, argued in favour of retaining the British preferences but agreed that the preferential tariff granted to Britain should be revised and limited to articles on which it was really required.[7] The Board of Trade and Industries, in a second report published in 1925, submitted detailed proposals for revised duties on British and dominion goods, adding a recommendation favouring 'the use of the tariff as an instrument for negotiation not only with Great Britain and the British Dominions and Colonies, but also with countries outside the British Empire'.[8]

Introducing his budget proposals in April 1925, N C Havenga, the Minister of Finance, announced the Pact's new tariff policy. Acknowledging that it was based on the recommendations of the Board of Trade and Industries, he also pointed to its continuity with Smuts's call, made at the 1923 Imperial Conference, for greater reciprocity in preferential arrangements with Britain. The value of the preferences granted by the Union of #950 000 (#860 000 to Britain and #90 000 to the other dominions) in 1924 was to be cut to #350 000 (#300 000 to Britain and #50 000 to the dominions). In terms of the list tabled during the debate, the number of commodities on which Britain was to enjoy preference was reduced from over a hundred to twenty-two, but at the same time the rebate on some of these was increased.[9] During the debate, in response to the South African Party opposition's

attack on his proposals, Havenga announced the cabinet's decision to grant an important concession (which was certainly not among the recommendations of the Board of Trade and industries): this was a guarantee of most-favoured-nation treatment for Britain in respect of the new rebates.[10] With the details incorporated into the Tariff Act of 1925, the new policy took effect in July of that year with certain additions, made under ministerial authority, in June 1926.

While the contribution of the Board of Trade and Industries to the making of the new tariff policy was crucial, its implementation was largely given over to Havenga. A possible reason for this concerns its fiscal implications, given the high proportion of the Union's revenues that was made up of customs duties. At the the imperial conferences of 1926 and 1930 Hertzog, while making general pronouncements on economic policy, largely delegated this area to Havenga. Viewing the Ottawa Conference as a continuation of the economic sub-committee of the 1930 Imperial Conference, Hertzog did not contemplate attending himself and entrusted the leadership of the South African delegation to Havenga. There was no doubt about Havenga's leadership of economic policy. Neither his cabinet colleagues nor senior civil servants made much input into South Africa's preparations for the Ottawa Conference itself: everything seemed to hinge on Havenga.

Once the new tariff policy was in place in 1925, the Union government's position was that no further preferences could be offered to Britain until South African exports, benefiting from preferences granted by Britain, had increased to the point at which reciprocity, in terms of the values of the preferences on both sides, had been achieved. Havenga used the imperial conference of 1926 as a further platform from which to expound the new policy. The preferences that were being withdrawn were on commodities such as woollen piece-goods and clothing, in which Britain already held the market. But certain preferences were being increased, such as those on machinery, metal manufactures and cheaper cotton goods. Conceding that the amount of duty rebated would fall, Havenga nevertheless claimed that the increased rebates on specific commodities were 'proving of material assistance to the British manufacturer'. Meanwhile the extension of British preferences since July 1925 to South African agricultural goods such as sugar and dried fruit was 'tending to restore the balance as far as our mutual trade is concerned'.[11] Three years later, in April 1928, and again in February 1929, Havenga indicated that the increase in South African exports to Britain had still not reached the point at which the preferences could be regarded as fully reciprocal and therefore no new preferences to Britain could yet be contemplated.[12]

With the Tariff Act passed and in line with the recommendations of the Board of Trade and Industries, the Union government responded positively to approaches from foreign countries seeking to conclude commercial treaties with South Africa. The most important of these was the treaty with Germany signed in December 1928. In this treaty Germany was promised most-favoured-nation

treatment in future. The Union's existing preferences to Britain were safeguarded, but in terms of article 8 of the treaty, any new preferences given to Britain would have to be extended also to Germany. Because of the existing preferences already enjoyed by Britain, Germany had evidently refused to negotiate with the Union on a reciprocal basis, which was what the Union government would have preferred. Treaties between the Union and other foreign countries were also contemplated. Belgium and Italy evidently declined to negotiate so long as the Union retained the right to increase its preferences to Britain.[13]

Apart from commercial treaties with foreign countries, the Union government also explored the possibility of making bilateral arrangements, based on imperial preference, with the other dominions. In parliament Havenga claimed that the mutual arrangements for preference between the Union and Canada were very much in Canada's favour and that it would be difficult to obtain an agreement placing the preferences on a reciprocal basis. In July 1925 Australia terminated the preferences it had hitherto granted the Union. According to Havenga the reason for this was Australian objections to granting preference to South African maize that was allegedly produced by cheap black labour.[14] Generally, both in the British and other markets, South African agricultural exports were in competition with those of the other dominions. There seemed therefore to be little potential for bilateral preferential agreements with them.

Referring to South African policy in the late twenties, Drummond remarks that the Union was moving as far away from imperial preference as it dared.[15] Certainly by 1930 the Board of Trade and Industries, with the same chairman and substantially the same membership as in 1925, had radically altered its stance on imperial preference. In August 1930, shortly before the imperial conference, the Board submitted three memoranda for the consideration of the Union cabinet. Unlike its reports of 1924 and 1925 (mentioned above), none of these was ever published. The first memorandum, entitled 'Inter-Imperial Trade', stated that 'the ultimate aim of the Union must be the total abolition of preference'. Instead the Union's external trade policy should be one giving 'equal treatment to all and special favours to none'. The case against imperial preference was based in part on its disadvantages, through discrimination against foreign countries, for a policy seeking to increase the Union's trade with them. The memorandum claimed that, taking into account re-exports of Union products from Britain, non-British countries took not 41.9 per cent of the Union's products, as the official statistics suggested, but some 65-70 per cent. On the other side the Union was buying far more from Britain than vice-versa. A further objection to imperial preference was its tendency to create an artificial dependence on a particular market for products enjoying preference, such as wine and sugar in the British market. Although the only sound principle was for these products to compete on an equal footing with their competitors, the report conceded that wine and sugar constituted 'vested interests ... which could not simply be ignored'. Instead of preference such products could be supported through export subsidies.[16]

The second memorandum, entitled 'British Imperialism and Imperial Preference', attacked imperial preference more sharply. Preference was viewed as a possible instrument of economic imperialism. Even if its constitutional bonds with Britain were loosened, South Africa's economic dependence on Britain might be maintained, with imperial preference serving that end. It was anomalous that South Africa, while enjoying an independent status in constitutional terms, should be obliged to discriminate against foreign countries such as Germany: the preferential arrangements with Britain served to prevent the Union from granting most-favoured-nation treatment to Germany. The memorandum also dismissed the idea that imperial preference could be a remedy against the depression. The movement for Empire Free Trade was attacked, since such a system would mean a tariff wall against foreign countries and advantages for British mamnufactures over the products of secondary industries in the dominions. The emphasis of the advocates of Empire Free Trade on imperial unity was seen as a British response to competition from Germany and the United States. As to imperial preference in the future, the memorandum warned that any expansion of the preferences granted by Britain would have 'a disadvantageous influence' on the Union's relations with foreign countries. Therefore the 'utmost concession' that the Union should make at the forthcoming imperial conference should be to maintain the existing preferences and then to stabilise them on the best basis possible: there was a need for the Union to be able to guarantee that these preferences would not be added to in the future.[17] In the third memorandum, entitled 'The Commercial Treaty Policy of the Union of South Africa with special reference to Imperial Preference', the abolition of preference, and in particular the freedom to extend it, was again advocated. Stating that exceptions to the most-favoured-nation approach should be limited as far as possible, this memorandum also attacked inter-dominion preferences as anomalous in the light of dominion autonomy.[18]

The absence of a cabinet collection in the Union's official records makes it difficult to determine precisely what course of action was decided upon in response to these three memoranda from the Board of Trade and Industries. As carried out by Hertzog and Havenga, Union policy hitherto had been far more cautious than the line advocated by the Board. In February 1929 Havenga, in response to the Opposition's criticism of the German treaty, had shown a concern to preserve the existing 'very valuable preferences' from Britain. Pointing out that the German treaty was only binding on the Union for an initial two years, after which six months notice could be given to terminate it, he made it clear that he would be in favour of such a course if the circumstances of the Union's preferential arrangements with Britain altered. Although his view was that 'a considerable time' would need to elapse before increased preferences from the United Kingdom could be considered, he certainly did not rule out a new set of arrangements that would include extended preferences from Britain.[19]

In the same month of the Labour Party's return to power in Britain (June 1929), the Union government made an unsuccesful approach to obtain a renewal, on a bilateral basis, of the preference arrangements with Britain.[20] In September 1929, in response to the stated intention of the Chancellor of the Exchequer, Philip Snowden, to do away with dominion preferences, the Union government cabled to London, pointing out the 'serious consequences to producers in the Union who have resorted to or have arranged their scale of production on the basis of existing preference' and asking for an opportunity to discuss the question. The British reply indicated that in view of the new government's mandate to remove duties on the 'necessaries of life' it would be difficult to defer the question, but also that the preferences would remain in force for the present.[21]

In the run-up in 1930 to the imperial conference, Havenga indicated as early as April the Union's interest in securing reciprocal preferences with Britain, adding that if these could be negotiated the German treaty would not be allowed to stand in the way.[22] Although he made no mention of the German treaty, Hertzog took a similar line in his public statements before the conference. Towards the end of July he warned that if the British government carried out its declared policy of discarding preference for dominion products, there would be changes in the tariff policies of the dominions.[23]

In his opening statement at the imperial conference Hertzog, after again expressing concern over 'the prospective abolition of existing tariff benefits', indicated that the Union would welcome 'inter-Commonwealth trade agreements providing for the extension of reciprocal tariff benefits on a fair and reasonable basis, and for periods sufficiently lengthy to create confidence and stability'. During the conference Hertzog also associated the Union with the other dominions in their hopes concerning 'a readjustment of the economic basis of Great Britain's fiscal policy', while at the same time clearly accepting Britain's right to adhere to free trade. After it was made clear in a statement by the Colonial Secretary, J H Thomas, that this was Britain's intention, the Union delegation, amplifying Hertzog's original suggestion, declared that the existing preferential margins given by South Africa would not be reduced for a period of three years or any shorter period during which British preferences accorded to South Africa were in force.[24] No other dominion made any comparable offer and the official conference proceedings do not record any British response to the South African proposal.

Hertzog in his concluding speech at the conference observed that it had not 'borne the fruit which we and the other Dominions have hoped for'.[25] In a speech made in London before the conference ended, Havenga had warned 'that if he and his colleagues did not succeed at the Conference many people in South Africa who had advocated other policies would have a much better chance of succeeding in the future'.[26] After his return to South Africa Hertzog took up this theme, suggesting that unless Britain altered its fiscal policy in the near future, South Africa would be obliged to revise its own overseas trade policy.[27] The

slightly baleful tone of these speeches pointed to the alternative policy already advocated by the Board of Trade and Industries: the abandonment of preference and the negotiation of commercial treaties with foreign countries.

It is possible that the undeclared intention behind the Union's offer to stabilise the preference arrangements with Britain was to prevent the addition of any new preferences in the immediate future and thus to leave the Union with a free hand in its negotiations with foreign countries. The Board of Trade and Industries certainly enjoyed Hertzog's general confidence at this time. In his reply to a letter from the journalist P A Molteno, criticising the protectionist policy advocated by the Board, Hertzog wrote: 'These men my err at times, but there is not the least doubt that they have so far acted with the greatest circumspection and care and stand acknowledged by all impartial men in South Africa as a very efficient body.'[28] On the other hand the line of policy followed by Hertzog and Havenga before, during and after the imperial conference of 1930 does not suggest a wish to abolish imperial preference. Instead they were concerned to stop the British from abandoning the existing preferences. They were even willing to contemplate further British preferences provided these could be negotiated on a reciprocal basis. While they followed the Board's recommendation in proposing at the imperial conference that the existing preferences should be stabilised for three years, they showed no new interest in negotiating commercial treaties with foreign countries. In a speech in Cape Town made after his return from the conference, Hertzog again showed his concern to retain the existing preferences. Claiming that the British had agreed to leave their preferences in place for three years, he added that South Africa had to look for other markets, 'but we were prepared to take considerable risks if we could be sure that there would be preferential development for South African goods in British markets'.[29]

In terms of the Canadian premier R B Bennett's original proposal, the Ottawa conference was meant to be a reconvened session of the adjourned economic committee of the 1930 imperial conference. That conference recommended that the proposed economic conference should be held within the next year, which meant some time before the end of October 1931. In the event the Ottawa conference did not assemble until July 1932. The delay meant that by the time it finally convened, the participating countries had experienced almost two more years of deepening economic depression. The effect was to increase the inclination of their governments to look to the conference as a means of providing some relief from the continuing economic blizzard. The postponement also gave the United Kingdom's new National government the opportunity to obtain the passage through parliament of the Import Duties Act. For both Britain and the dominions the prospects of obtaining mutually advantageous agreements on the basis of imperial preference seemed to have been enhanced.

During the imperial conference of 1930 Havenga had privately expressed to Bennett his doubts as to whether agreement at a

future economic conference would be possible as long as the British remained attached to free trade and therefore unwilling to grant preferences to dominion exports of food and raw materials.[30] In May 1931 G R Stevens, the Canadian trade commissioner in South Africa, informed his government that through talks with 'various permanent officials' he had 'discovered that no preparations were being made for attendance at the proposed Economic Conference at Ottawa'. His impression was that the South African government would 'probably try to avoid sending delegation unless for the specific purpose of concluding trade agreement with Canada'. Stevens accordingly obtained permission to negotiate a preliminary agreement in South Africa and by October 1931 both sides had made tentative proposals.[31]

Towards the end of 1931 the British government suggested that preliminary discussions between expert advisers should be held, both in the Union and in London, on possible reciprocal preferential arrangements betweeen the United Kingdom and the Union.[32] Initially Havenga was inclined to allow matters to proceed in this way, but in the end the Union government decided that the discussions in South Africa could proceed but that those envisaged for London should wait.[33] Early in February 1932 the British government forwarded a schedule of commodities on which, it was held, new or increased preferences would benefit the United Kingdom's export trade to South Africa.[34] It was agreed that discussions on this schedule should begin in March, between the United Kingdom's high commissioner in South Africa, H J Stanley, assisted by A. Elmslie, the trade commissioner,and the Union's representatives, J D Heddon, the commissioner of customs and excise, and G S H Rossouw, the new chairman of the Board of Trade and Industries.[35]

On the British side Stanley warned his government in February that 'present indications of interest and attitude of Union Government are not very propitious' and that he doubted whether the cabinet had decided on its policy: '...even in the discussions with his own subordinates, Minister of Finance maintains most frigid reserve'. His impression was that the Union government was preoccupied with the politics of the gold standard issue and the budget: '[the] political aspect of the economic issue is likely to remain the paramount consideration. For the purpose of Ottawa this is most unfortunate. At the moment [as a result of] the recent controversies racial feeling is in the ascendancy and Nationalists are more than ever suspicious of any course which could be represented as compromising [the] political and economic independence of the Union.'[36]

On 17 March Stanley reported on the first phase of the preliminary discussions. He had found the attitude of Heddon and Roussouw 'more promising than I had anticipated' and thought it possible that the Union 'might in certain eventualities be prepared to contemplate substantial concessions even at some cost to local secondary industries, but they emphasised that Ministers would be averse [to] committing themselves before they got to Ottawa and saw how things developed there'.[37] The South African

officials were unable to take matters any further until their ministers returned from the parliamentary session in Cape Town.[38] Towards the end of March Stanley reported on conversations he had with Havenga, who was not forthcoming, and Hertzog, who 'seemed not to have applied his mind to the matter [of reciprocal tariff concessions] and to know very little about it'.[39] By 11 May Stanley's impression was that 'Havenga wishes to keep himself free in order to fish in troubled waters at Ottawa, and to secure whatever benefit may be obtainable by a process analagous to the honest brother [? broker] of Bismarck'.[40]

Stanley's telegrams to the Dominions Office in May and June indicate that no further progress was made in the preliminary discussions with the Union officials who continued to be kept in the dark as to Havenga's 'views and intentions'.[41] But in an after-dinner conversation with Stanley on 20 May, Havenga expressed himself as 'very willing to do what he could and to play up'. Pleading pressure of parliamentary work, Havenga undertook to go carefully into the matter of negotiations with the United Kingdom on the voyage over. Stanley advised his government 'to go easy with him and to abstain at this stage from applying pressure. He is harassed and over-worked.'[42] A week later Stanley reported that Havenga 'has gone to his farm for complete rest leaving Minister of Mines in charge of this business'. In Stanley's view this minister, Fourie, who was a member of the South African delegation for Ottawa, was unlikely to take any definite decision on his own authority. Further talks seemed unlikely, but Heddon had undertaken to provide Stanley with provisional lists of British exports on which South Africa might be willing to offer new or increased preferences.[43] These lists were not produced and on 10 June Stanley reported that nothing else was likely to be obtained from the South African ministers before they embarked for England a week later.[44]

Apart from pursuing these fruitless preliminary discussions, the British government also awaited the responses of all four dominion governments to its telegram of 9 May indicating that the free entry of dominion goods into Britain, in terms of the Import Duties Act, would only be continued if the dominions made new concessions on British imports to them. According to Drummond, 'this telegram so annoyed the Dominion governments that they nearly broke off negotiations'.[45] The attitude that the dominions evidently shared was that this British demand was unreasonable, particularly in view of the tariff concessions that they had already given to Britain. In its answer to the telegram the Union government indicated that it found it difficult to formulate specific responses to the British requests, preferring to group these into the three broad categories of 'yes', 'perhaps' and 'no'.[46]

The intention behind British policy was that the focus of the preliminary discussions in the dominions should be on possible new concessions favouring British exports in dominion markets. The discussions in London were meant to relate to possible new preferences for dominion exports to the United Kingdom.[47]

Although the Union government initially decided to entrust these London discussions to Charles te Water, its high commissioner in London, assisted by von Eden, it decided in the end not to pursue these talks.[48] The only entry which te Water made into the negotiations was in Geneva early in February 1932, when he along with the other dominion high commissioners was consulted by the dominions secretary, J H Thomas. Thomas's proposal (which was the policy afterwards followed) was that the Import Duties Act should exempt the dominions from the new general tariff that would be imposed, leaving them to make concessions to the United Kingdom in the Ottawa negotiations. The alternative course would be to exclude preferences for the dominions from the Act, leaving the whole issue of reciprocal concessions for the Ottawa conference to settle. Drummond writes: 'The Australians and New Zealanders said "yes"; the South Africans and Irish said "no"; the Canadians said "perhaps".'[49]

While he conceded that exemption for the dominions would benefit South Africa by extending the market for its exports in the United Kingdom, te Water went on to 'deprecate most strongly South Africa's being put in a position where she would appear in a bad light because of difficulties which were political rather than economic, preventing her from reciprocating suitably at Ottawa'. Admitting that he could not speak for his government, te Water referred again to 'certain possibilities of political danger for South Africa' (without explaining what these were) in Thomas's proposal: 'He [te Water] did not approve of prior concessions as the basis for statesmanship, and he would prefer concessions to be negotiated and made at the Ottawa conference itself.'[50]

Even when Havenga and the rest of the South African delegation met the British cabinet committee on the imperial economic conference in London on 6 July 1932, en route to Ottawa, he remained unforthcoming on the issue of concessions to Britain. Claiming that since 1925 South Africa had allowed entry duty free to British textiles as well as iron and steel, he explained that it was 'more difficult for us today than for the other Dominions' to make new concessions. As to concessions South Africa might hope that Britain would make, for the first time Havenga unveiled some detail. In the case of wool and to a lesser extent maize, hides and skins, where the British Empire produced more than it consumed, little could be expected. For the rest, the preferences which Britain was offering applied only to goods which South Africa already sold in the British market. But if the United Kingdom would grant preferential entry to chilled meat and 'perhaps cattle on the hoof', this 'would result in our selling something to you which we are not selling to you to-day'. Such a concession from Britain would not be without 'some return' from South Africa, but Havenga gave no hint as to the form this might take.[51]

Although this meeting ended in agreement that, before the delegates left for Ottawa, further discussions should be held, these evidently did not take place. Both the British and the

South African delegates sailed to Canada on the Empress of Britain. In the informal talks held on board Baldwin, Lord President of the Council and leader of the British delegation, found the South Africans 'sticky'.[52] B K Long, editor of the Cape Times, who travelled to Ottawa to cover the conference as a special correpondent, nevertheless reported that, after the talks in London and on the voyage, the prospects of agreement being reached between the British and the South Africans were 'substantial'. But Havenga declined to make any public statement until talks had been held with 'the Australasians' who had similar interests to the South Africans, of which meat was one.[53]

Meanwhile details concerning the Union's preparations for Ottawa had been announced in the house of assembly, by Hertzog in answer to parliamentary questions and by Havenga in a statement during the budget debate.[54] The Union delegation of three ministers was to be led by Havenga, the others being P G W Grobler, the Minister of Lands, and A J P Fourie, the Minister of Mines and Industries. Dr G S H Roussouw, Bruwer's successor as chairman of the Board of Trade and Industries, was named as one of the six advisers, the others being senior public servants. Hertzog indicated the government's readiness to receive suggestions from interested parties and organisations, and Havenga named a number of bodies that had been asked for their views on preferences and tariff policy.

As to the line to be followed in Ottawa, Havenga stated that the Union's proposals would be decided upon in terms of domestic policy. The point of departure would be the 1930 imperial conference at which the Union had shown its willingness to contemplate preferential agreements within the Commonwealth on a reciprocal basis provided that South Africa's industries could be protected. For the rest the government would 'largely be guided by what transpires at Ottawa'. Nothing further emerged in public until Havenga's speech in London on 8 July, just before the delegation's departure for Ottawa. After defending the Union's policy of staying on the gold standard, Havenga conceded that he expected 'monetary policy' to figure prominently in the discussions and indicated that South Africa looked to trade agreements to be reached in Ottawa as a way of partially relieving 'the economic depression of the world'.[55]

In Canada, as the host country, and in Britain, elaborate preparations were made for the Ottawa conference in the eight months or so before it convened. Although Bennett declined to release an agenda until a very late stage, Canadian civil servants addressed a wide range of subjects in a large series of memoranda, some of which were made available to the other Commonwealth governments.[56] In Britain the cabinet committee on the Ottawa conference met eleven times between 23 November 1931 and 6 July 1932, and its reports and proceedings together with the memoranda that were prepared for it constitute a large body of material.[57] In the South African case there is no equivalent to documentation of this sort. Havenga in his house of assembly statement referred to a memorandum that was being prepared by the

Department of Agriculture, but no copy of this has been found.[58] The local discussions between South African officials and their British and Canadian counterparts point similarly to a lack of systematic preparations for Ottawa in the Union's government departments.

The six organisations named by Havenga in parliament as having been approached by the government for their views were duly represented at Ottawa: the Associated Chambers of Commerce (R Stuttaford, MP for Claremont in the Cape, and W A Martin); the Federated Chambers of Industry (H J Laite); the South African Agricultural Union (A V Allan and G Heaton Nicholls, MP for Zululand); the Cape Co-operative Wine Growers Association (the KWV) (Senator J P Malan); the South African Sugar Association (W E R Edwards); and the Chamber of Mines (P M Anderson, who was desribed as representing the 'Gold Mining Industry'in the list sent to Canada by the British government).[59]

The presence of Heaton Nicholls was the result of representations to the government on behalf of the Federated Farmers Co-operative Association which claimed to represent 'the leading co-operative undertakings throughout the country'.[60] On the suggestion of the Minister of Agriculture, General J G Kemp, the SAAU was asked to consult other interested parties and then nominate a representative who would have the confidence of all. The SAAU nominee was its chairman, Allan, but Heaton Nicholls was eventually recognised as the'second advisor under auspices [of the] SAAU and subsidiary to Union's advisor'.[61] When the SAAU indicated that it would have no objection to the appointment of a further nominee representing the South African Co-operative Deciduous Fruit Exchange, the government called a halt, deciding not to 'accord official recognition as advisers' to any further delegates. Heddon's minute, explaining Havenga's attitude, indicated that the Sugar Association and the KWV had been given 'special recognition ... on account of their vital interests in the export trade'.[62] In the event Lieut.-Col. C C Cunningham went to Ottawa as the representative of the Deciduous Fruit Exchange, as did J Marais, a member of the Cape provincial council who went as the representative of the Western Province Tobacco Company and the South African Dried Fruit Company, and E Saunders, a further spokesman for Natal sugar interests.[63] But none of these additional representatives appeared in the Union government's list of 'technical non-official advisers nominated by the organizations indicated' who would be in Ottawa at their own expense and not as guests of the Canadian government.

The 'non-official advisers' were given a purely consultative role which would only be played in Ottawa when the ministers called for it. Although some of these delegates had interviews with ministers and their officials in Pretoria, no meeting of them was called before their departure for Ottawa. Although he was clearly part of the powerful sugar lobby, which included Allan, Edwards and Saunders as well, Heaton Nicholls made it 'my business to be primed in the needs of the primary producers throughout the country'.[64] While the advisers were in London, on their way to Ottawa, they attended a meeting of the British

Empire Producers' Organisation. This marked the first stage of an attempt to co-ordinate proposals for preferences in the British market for specific primary products on an Empire-wide basis.[65] Aboard the Empress of Britain the South African advisers were called together for a meeting with Havenga and they also held discussions with their official counterparts, but it seems that no clear South African strategy for Ottawa was revealed at this stage.[66]

II

The Ottawa conference lasted a month, starting with a preliminary meeting on 20 July and ending with a final plenary session on 20 August. Apart from the plenary sessions its formal proceedings were made up of meetings of heads of delegations and meetings of a dozen committees set up by the heads. Little emerged from these proceedings beyond the innocuous general resolutions that disappointed the more Empire-minded members of the British delegation, notably Neville Chamberlain. The serious business of the conference was conducted through negotiations between the delegations leading to the series of bilateral agreements that constituted the conference's main achievement. There were also informal gatherings which permitted participation on the part of the unofficial advisers. Both Canada and Australia nearly walked out of the conference at particular points - Canada over wheat and Australia over meat. The British delegation also considered withdrawal at one stage, on the ground that the dominions were not offering enough in the way of reciprocity for British goods in dominion markets.

South Africa's stake in the conference was not high enough to justify a dramatic gesture of this sort, but its delegation played a full part in the crude bargaining that for the first time characterised the treatment of the preference issue at an imperial conference. As the leader of a delegation Havenga was overshadowed at first by Baldwin and Bennett, but as the conference proceeded his stature rose. B K Long, editor of the Cape Times and the paper's special correspondent at the Ottawa conference, claimed that Havenga was effective in his role as a committee chairman and that he came to be recognised as one of the few successes of the conference.[67]

In the tariff-bargaining at Ottawa the general rule was that, where preferences in the British market were concerned, all the dominions would share in the benefits. But in the case of preferences given to British goods in dominion markets the arrangements would be bilateral only - that is, between Britain and each dominion in turn. Since Havenga claimed that the commodities named in the Import Duties Act were not especially helpful for South Africa, his initial aim was not only to preserve but to extend the preferences that South Africa had enjoyed prior to the passage of the Act. Of these preferences that for sugar was the most important, accounting for 69 per cent of the total value (in terms of customs revenue) of South Africa's preferences.[68] Apart from wanting an increase in the

preference on sugar, South Africa shared the hope with Australia that their sugar might in future enter the British market on equal terms with colonial sugar from the West Indies which had hitherto enjoyed a higher preference. Before Ottawa the British government had been inclined to exclude sugar from the list of commodities on which increased preferences benefiting South Africa might be granted, in view of the anticipated need to protect the home producer of beet sugar.[69] At Ottawa the dominions obtained a small increase in the existing sugar preference but failed to secure the removal of the additional preference enjoyed by colonial sugar. They also failed in their bid to obtain the stabilisation of the sugar preference for a period of ten years in the face of Britain's refusal to consider this until the royal commission of inquiry into the home sugar industry had made its report.[70]

The other principal products on which South Africa enjoyed preference before the Import Duties Act was passed were wine, dried fruit and tobacco. The preferences on the first two were increased slightly at Ottawa and the existing preference on tobacco was stabilised for a period of ten years. While the failure to obtain an increased preference on tobacco was a *disappointment, the Union's delegation did not associate itself* with the vain bid of other dominion producers to secure a quota for tobacco in the United Kingdom market.[71] Products listed in the Import Duties Act for which South Africa would continue to enjoy free entry in terms of the Ottawa agreements included eggs and poultry, dairy products, white maize and fruit. Of these fruit was the item on which the South African delegation concentrated at Ottawa.

With the conference in prospect the Deciduous Fruit Exchange had approached the Union government in April pressing the industry's need for preference in the United Kingdom market and submitting a memorandum on deciduous fruits, prepared for the information of the South African delegation to Ottawa. This stressed the industry's dependence on exports (85 per cent of which went to the United Kingdom) and the problems arising from the perishable nature of the product. The industry claimed to give employment to 20 000 white and 100 000 coloured workers. The objective at Ottawa should be to eliminate or at least restrict foreign competition, especially of the dumping variety of which one instance was the export to Britain of the United States surplus from its home market. Reference was also made to the damaging effect of the Union government's insistence on retaining the gold standard on the Union's fruit exports in the face of Australian and Argentinian competition. South Africa should ask for a 25 per cent ad valorem duty on foreign fruit in the British market.[72]

The Deciduous Fruit Exchange, which claimed to represent the fruit growers, eventually sent Lieut.Col. C C Cunningham to Ottawa as its representative although he was not recognised by

well as the Irish Free State and Southern Rhodesia, were represented. The goal pursued by the dominions was to increase the British Empire's share of the United Kingdom market beyond the prevailing 30 per cent, to obtain a preference higher than the standard 10 per cent offered in terms of the Import Duties Act and to have seasonal restrictions placed on imports of foreign fruit to Britain. While conceding that virtually only South Africa was interested in the inclusion of citrus, Havenga requested this, citing competition from Brazil and dumping by the United States as obstacles for South African producers.[73] Havenga's summary of the requests of the dominions on fruit was handed to the British ministers on 28 July.[74] While the British did not immediately agree to any seasonal restrictions on foreign fruit entering the United Kingdom, the terms of the Union's agreement with Britain indicate that most of the other dominion objectives were met: new preferences were granted on deciduous fruit (for example, 5s. per cwt. on apples) and citrus (also 5s. per cwt.). Also the preference on dried fruit was raised from the previous 7/- per cwt. to 10/- per cwt. Reaction in South Africa to the publication in October 1932 of the terms of the Ottawa agreements suggests that the fruit industry (particular citrus) was seen as one of the major beneficiaries of Ottawa.[75]

At the time of the Ottawa negotiations the South African government was engaged in an effort, as Drummond puts it, to 'invent' an export trade in chilled beef.[76] Given the non-existence of such a trade hitherto and the lack of any strong representations from organised agriculture (in contrast to the case of the fruit producers), this seems to have been an exercise undertaken on the government's own initiative. Early in 1932 a memorandum on the cattle industry was placed before the Union cabinet that included a discussion of the possibility of the Union's supplying chilled beef to the British market. The need for a high quality product was noted but there was no mention of preference.[77] By May 1932 the first experimental exports of chilled beef had reached London.[78]

At the South African delegation's meeting with the British cabinet committee on Ottawa, held in London en route to the conference early in July 1932, Havenga stressed South Africa's hopes for an agreement on meat covering chilled beef and possibly cattle on the hoof.[79] He failed to mention the political dividend for his government that would result from an agreement calculated to benefit cattle producers throughout the country, especially the Afrikaner farmers of the highveld interior, in contrast to the localised advantages that preferences could bring to sugar, fruit and wine farmers.[80] In his supplementary opening statement at the Ottawa conference itself, in considering commodities for which new preferences might be sought, Havenga again emphasised South Africa's hopes regarding chilled beef exports.[81]

During the Ottawa negotiations South Africa held informal discussions with the Australian delegation (which was mainly interested in frozen rather than chilled meat), participated in the deliberations of the conference committees which sought to

co-ordinate the requests from the dominions on meat and pursued its specific aims in negotiating the bilateral agreement with the United Kingdom. The dominions claimed that 76 per cent of meat imports into the United kingdom were 'foreign': 'The present dominance of the foreigner, with his unlimited supplies, if allowed to continue, means the destruction of the agricultural and pastoral interests of the Empire.'[82] Though extravagant, this assertion was understandable in the context of the Great Depression. The remedy was to increase the Empire's share in this trade by means not only of preferential duties (which, in the view of the dominions, would not be effective on their own) but also a quota that would severely limit supplies from foreign countries. By 14 August it was known that the British were against meat preferences and would be willing to negotiate on a quota basis (involving quantitative restrictions) only. Since they believed that the United Kingdom had already agreed in principle to negotiate both preferences and a quota, the Australians almost walked out of the conference at this point. They only stayed once Britain had agreed to further reductions in the quotas to be allowed to foreign suppliers.[83]

South Africa's interest in the meat issue was serious, but it was not (in contrast to that of Australia) perceived to be vital. Whereas the other dominions were hoping for 'heavy' limits on foreign quotas for pig products (Canada's interest), frozen mutton and lamb and frozen beef, South Africa could only expect 'moderate' limits on South American chilled beef. Also the British were committed to an arrangement that might favour Argentina (holder of the lion's share of this market) over Uruguay and Brazil.[84] As in the case on the other dominions, South Africa's deal with the United Kingdom over meat was not an integral part of the Ottawa trade agreements but the subject of an exchange of correspondence conducted as the conference was closing. The actual quotas would only be decided by Britain in consultation with the dominions during 1933. In South Africa's case, should any 'practical difficulty' arise, the British undertook to use their good offices with shippers from South American sources.[85] Explaining the contents of the Ottawa agreements to the Union house of assembly in January 1933, Havenga showed some understanding for the British stand aginst meat preferences. Given the smallness of existing meat exports from the dominions to Britain, it was unreasonable to expect the British to impose 'a tax on meat' simply to increase the dominion share. In the case of chilled beef dominion exports to Britain were 'infinitesimal'. Even under the new arrangements, 'the prospects of supplying a very large share of the chilled beef requirements of the United Kingdom are not unduly rosy'.[86] After Ottawa South Africa could also negotiate access to the British market for frozen mutton and lamb, but hitherto this was a non-existent and entirely unpromoted export trade.

Havenga's statement to parliament included an explanation of the Union's approach to the problem of granting reciprocal preferences to British goods. Four 'cardinal principles' were observed: first, 'the protection enjoyed by established and economically sound industries in the Union should not be

destroyed'; secondly, 'any change of duties should not materially increase the cost of living'; thirdly, 'British manufacturers should be in a position to supply the goods in the quantities and descriptions required'; finally, 'any diversion of trade to the United Kingdom should, as far as possible, not be at the expense of those countries with which the Union has a favourable balance of trade'. The detailed schedules that emerged from Ottawa had not been prepared 'haphazardly' but from lists submitted by the British government. These lists had been scrutinised before the departure of the Union's delegation to Ottawa and had also been examined by associations of commerce and the Federated Chamber of Industries as well as by the non-official delegates present at Ottawa. As for the British delegation, Havenga claimed that they had not contested the principles behind Union policy and 'indeed, were in entire agreement with our ideas'.[87]

The path to agreement on the reciprocity issue had been less smooth than Havenga's account suggested. Nothing specific in the way of reaction to the British lists emerged from Havenga himself before the Union delegation arrived in Ottawa. From talks which he and the British trade commissioner, Elmslie, had held with South African officials, the British high commissioner in South Africa, Stanley, drew the optimistic forecast that 'the Union government might in certain eventualities be prepared to contemplate substantial concessions even at some cost to local secondary industries'.[88] In drawing up their proposals the British government had placed some reliance on Elmslie's views on the Union's preference policy. He advised that the most likely area for preference was that of high quality and luxury goods. Also small rebates would probably not prove especially valuable and the British should look for 'substantial duty rebates on a carefully selected limited list of goods'. Finally he pointed to certain anomalies affecting the operation of the existing preferences on British goods. The United Kingdom share in some items, such as jewellery and watches, had increased after the ending of a 3 per cent ad valorem preference in 1925. On the other hand new rebates had not led to an increase in the United Kingdom's share of the Union market in items such as machinery and metal manufactures. While an increased preference on low-priced cotton piece goods had not increased the British share of the market, the British share in respect of higher priced goods was maintained despite the loss of the preference.[89] Shortly before the Union delegation left South Africa in June 1932, Elsmlie reported that the Federated Chamber of Industry would strongly oppose any preference on goods manufactured in South Africa, but that representatives of the footwear and leather industry and the printing industry had passed resolutions agreeing to the principle of preference on materials used by their industry. Others might follow suit. The British also knew, before meeting Havenga in London, that an industrial conference meeting in Durban had informed the British high commission of its willingness to consider the imposition of preferential duties on all items in Class XV of the British lists as well as on industrial machinery.[90]

When the South African delegation met in London with the British

cabinet committee on Ottawa early in July 1932, Baldwin outlined certain preferences that South Africa might consider granting to British goods. Derived from the British lists, these were proposed under three headings: first, a category taking into account South Africa's need for customs revenue, the impact of preferences on the cost of living and the United Kingdom's ability to supply the goods in question; secondly, items to be considered in relation to similar products of the Union's industries and the effect on these of preferences; thirdly, items on which preference might be impracticable in view of the interests of the Union's industries. Baldwin added that while South Africa's need to protect its industries was understood by the British, the Union should buy from the United Kingdom rather than from 'the foreigner' when imports were essential. Influenced perhaps by the imperialist 'visionaries' in the Conservative Party, he also referred to the possibility of 'Imperial Industrial Co-operation', an endeavour in which 'businesses' should take the initiative. Havenga's response was to assert that, in contrast to Canada, South Africa under the arrangements of 1925 already allowed in, duty free, textiles and iron and steel products from the United Kingdom. It was therefore difficult for South Africa to make new concessions. He nevertheless offered the assurance that South Africa understood the need for reciprocity: there would have to be 'some return' from South Africa for any benefits received.[91]

Throughout the Ottawa conference Havenga continued to confine himself to generalities where concessions to Britain were concerned. On the progress of the bilateral discussions with the British he informed Hertzog on 26 July that the prospects for an agreement were good.[92] While Chamberlain at this stage was finding Havenga 'most helpful', the problem that Havenga gave the British was that he declined to offer concessions.[93] He was willing to stabilise the existing preferences, but if the British wanted new ones they must submit proposals. The Canadians made an offer to the British on 4 August that Baldwin found 'of little value'; Havenga's offer made a day later was 'too like it to be of use'.[94] On 7 August the British decided to ask for a 15 per cent preference on a wide range of goods, but Havenga declined to contemplate even 10 per cent. Eventually the British settled more or less on the basis of the concessions contained in Havenga's offer.[95]

Under the agreement with the United Kingdom the preferences granted by South Africa in 1925 were stabilised with increases in some specific items, for example mining and industrial machinery, where the preferential margin was increased from 3 to 5 per cent. New preferences were also introduced, mainly on certain items of machinery but also on some textiles and clothing items. On the figures for imports to the Union in 1931 the total trade in the items now covered by preferences was #13 000 000, including #7 000 000 for the items covered by the previous preferences.[96] A significant omission from this agreement, in contrast to the United Kingdom's agreements with Canada and Australia, was the lack of any provision for tariff boards entrusted with the task of enabling British manufacturers to

enter dominion markets as 'domestic competitors'. When the British put forward such a proposal in the case of South Africa Havenga rejected the idea out of hand.[97]

The Economist, taking into account tariff levels as well as the fact that almost half South Africa's imports entered duty free, judged the country to be only 'moderately protectionist'.[98] Havenga made a similar claim, arguing that that this moderation enabled South Africa to get by with relatively slight concessions at Ottawa and thus keep its protectionist policy in place. When the terms agreed to at Ottawa became known in South Africa there was no outcry from any protectionist lobby. A plausible reason for this emerges in a statement made by F S A Graves, the secretary of the Federated Chambers of Commerce, in a conversation with the Canadian trade commissioner, G R Stevens, some months before Ottawa: 'both commerce and industry in South Africa are much warmer protagonists of Imperial co-operation than the present Government'.[99] While the British government and The Economist did not think South Africa had been generous at Ottawa, commercial interests in South Africa praised the concessions made to British exports. The 'large' preference given to iron and steel goods was found to be 'most surprising' (perhaps in view of possible competition with Iscor) and the preferences for British textiles and cotton, rayon and silk piece goods were similarly welcomed.[100]

Concern that South Africa should retain its foreign trade was a factor that limited Havenga's readiness to agree to increased preferences for British exports throughout the Ottawa negotiations. To parliament he afterwards explained that one of the 'cardinal principles' adhered to had been that any diversion of trade should, if possible, not take place at the expense of countries with which the Union enjoyed a favourable balance of trade. Reporting to Hertzog on the agreement reached with the United Kingdom, Havenga claimed that Britain, through the increased preferences, would be able to capture part of South Africa's trade with Japan and the United States (countries with which South Africa's trade balance was unfavourable), but that trade with France, Italy, the Netherlands and Germany (with all of which the Union's balance of trade was favourable) would only be slightly affected.[101]

Havenga's claim was too sanguine as Italy's reaction shows. After the Ottawa conference, Fourie, the Minister of Mines and Industries, proceeded to Europe entrusted with the task of dealing with some of the repercussions of the agreements on the Union's foreign trading partners. To the Italian government he gave the assurance that the Ottawa agreements would not adversely affect Italy's trade with the Union. But in South Africa the Italian minister, Count N Labia, protested strongly in a conversation with Fourie that the 'big preference on British cotton goods [would] knock Italian trade'. Fourie then hinted that Britain could be asked to forego these preferences: 'It was pointed out to him by Heddon that this preference was about the most important concession which Great Britain had got from the Union and it had in fact been decisive; if there was any talk of

revision now it would certainly be necessary to suggest some very big concession in its place.'[102] Before the conference, in June 1932, as he explained in a letter to Hertzog in October, Labia had submitted a memorandum which pressed for the retention of Italy's market in the Union for soft goods which made up some four-fifths of Italy's exports to South Africa. He had also discussed the matter with the Union's delegation before their departure for Ottawa. But Fourie's and other 'assurances' from the Union government 'had been proved untrue'. An Italian trade of #780 000 had been adversely affected to an amount of #135 000 and Labia had reason to believe that the damage would prove to be greater. 'What pains me so deeply,' he wrote, 'is that the happy and beneficial relations which for years I have so untiringly been working to establish between our two countries, both so dear to me, should be so suddenly endangered.'[103] Labia arranged to meet Hertzog, Havenga and Fourie early in November, but no concession to Italy was forthcoming. This was not surprising, especially in view of Havenga's attitude. He was said to have gone 'straight off the deep-end' after learning of Fourie's hint that any change could be made to the Ottawa agreement with Britain, adding that Fourie had had no right to offer his original assurance in Rome.[104]

In the case of Germany the issue was not the the direct effects of the Ottawa agreements on German exports to South Africa but the implications for South Africa's commercial treaty with Germany. This treaty, concluded in 1928, did not permit the extension of new preferences to British goods unless Germany received the same concessions. In July 1930, three months before the imperial conference of that year met, Ruter,an official at the German embassy in London, in a conversation with the Union's high commissioner, Charles te Water, expressed his government's anxiety about moves towards 'free trade within the [British] Empire'. Ruter's view was that denunciation of the German treaty by South Africa would be 'a calamity' but he added that if only the clause dealing with preferences (article (8) of the treaty) were denounced 'the consequences would not be far-reaching'.[105]

Towards the end of 1931 the possibility of seeking a revision of the German treaty was placed before the Union cabinet. The issue was raised by members of the Board of Trade and Industry in the context of the preliminary discussions with Canada over a possible bilateral trade agreement with the Union and Germany's conclusion of an agreement involving maize exports from Rumania. The line taken was that while Germany should not be provoked into denouncing the treaty, for its part the Union should not simply agree to the German - Rumanian treaty. Instead a revision of article (8) should be sought that would leave the Union free to conclude agreements based on imperial preference.[106]

Judging from Hertzog's reply of 'No' to a parliamentary question in February 1932, when he was asked whether it was the government's intention to denounce the German treaty, the cabinet took no action.[107] This decision was taken in spite of a British attempt, as reported to the United Kingdom's cabinet committee on Ottawa by the colonial secretary, J H Thomas, to persuade the

Union government to denounce the German treaty at least to the extent of doing away with the most-favoured-nation treatment promised to Germany in respect of any new preferences given to British goods.[108]

At the Ottawa conference Havenga asserted from the outset that the hands of the Union delegation were not fettered as a result of any treaties with foreign countries.[109] Later he was elected as chairman of the conference Committee on Commercial Relations with Foreign Countries. At its first meeting on 10 August 1932 the implications of the most-favoured-nation clause in dominion treaties with foreign countries were discussed and the question was raised as to whether a Commonwealth resolution should be passed:

'Mr Havenga pointed out that it was open to question whether any resolution of the Conference could affect the rights which foreign countries might claim to possess under commercial treaties with parts of the Empire. The passing of a resolution on this question would probably raise constitutional issues. So far as South Africa was concerned, the Government was taking adequate steps to free their hands in regard to preferences granted at the Conference. Further, if any foreign country challenged the accord of such preferences as being a contravention of most-favoured-nation rights, his Government would not hesitate to denounce the treaty in question.'

The committee agreed that no formal resolution on the most-favoured-nation issue would be submitted to the conference and that each government would take the necessary steps to safeguard the preferences.[110]

In South Africa's case the necessary steps were entrusted to Fourie, the Minister of Mines and Industries, who would proceed from Ottawa to Europe to 'investigate conditions Germany Italy et cetera'.[111] This was made known publicly as the conference ended and Fourie accomplished his mission in Berlin early in September. The necessary amendment to article (8) was effected by an exchange of notes transacted in October.[112] In a private reply to a critic in his own party, N J van der Merwe, who had objected to the amendment of the German treaty, Havenga later stated that it had always been the government's intention to amend the treaty if an expansion of trade on the basis of imperial preference was negotiated.[113]

III

The Pact government began its rule hostile to imperial preference. Guided by the recommendations of the Board of Trade and Industries, it moved against the preferences enjoyed by Britain in the South African market by putting the Tariff Act through parliament in 1925. The government then explored the prospects for extending its trade with foreign countries. The chief product of this initiative was the commercial treaty concluded with Germany in 1928. At this stage the Board of Trade

and Industries, though perhaps not the cabinet, had on its agenda further measures for dismantling South Africa's preference arrangements with Britain.

In the course of 1929 the cabinet, though certainly not the Board of Trade and Industries, evidently had second thoughts. When the Labour government in Britain, seeking to honour its commitment to its working class supporters to keep food cheap, threatened unilaterally to end preferences in the British home market, the Union protested as strenuously as any other dominion.[114] In 1929 and 1930 the Union government made various efforts to get the prevailing preferences stabilised on a bilateral basis for three years. Hertzog conceded in parliament that the abolition of the existing preferences would be 'very disastrous' for South Africa and the imperial conference of 1930 gave him a further chance to try to retain them.[115]

This goal therefore was already being pursued by the Union in August 1931, when the National government took office in Britain. As the preparations for Ottawa began, and particularly after the Import Duties Act made the revision and extension of imperial preferences a definite prospect, there was no doubt about the Union's willingness to participate. The first objective was to make sure that the existing preferences, confirmed and slightly extended in some cases by the Import Duties Act, were not lost. The second was to seek further preferences for Union products in the British market. The willingness of the Union to conclude new agreements, not only with the United Kingdom but also with Canada, on the basis of imperial preference, and to make at least a few concesssions benefiting British exports to South Africa, marked a significant change. When the decision virtually to set aside the teaty with Germany is taken into account as well, a fairly sharp reversal of policy can be discerned. Havenga's claims for continuity of policy since 1925, made particularly when answering critics in his own party, are unconvincing.

If there was in fact a reversal of policy, the explanation for this lies largely in the impact of the Great Depression on South Africa. The fall in world agricultural prices was evident in 1928, before the onset of the depression. As the depression deepened, and more particularly as South African exports ran into greater difficulties in the period from September 1931 onward, the plight of those of South Africa's farmers who depended on exporting their products worsened. Whereas South Africa had declined to follow Britain's example in leaving the gold standard, most of her competitors in the export market, such as Australia, had softened the impact of falling prices by devaluing their currencies. All this served to place a premium on imperial preference in 1932 that had been absent in in 1925.

In response to one of the sharpest critics among his fellow Nationalists, N J van der Merwe, MP for the Orange Free State constituency of Winburg, Havenga claimed that the Ottawa agreements were part of the logical execution of National Party policy 'for years', namely the extension of trade through reciprocal tariff advantages:

[The Ottawa agreements] fulfilled this need and provided such advantages to our sorely tried primary producers in relation to the sale of their products in this time of restricted markets, that no Party in South Africa would have dared to refuse to make use of the opportunity that arose from the change in its fiscal policy by Great Britain.[116]

This is acceptable as an explanation of South Africa's full participation in the Ottawa negotiations. But the implication that an entirely consistent policy had been followed since 1925 is again suspect.

In South Africa's case the timing of Ottawa was significant in relation to the policy the government followed toward the gold standard. The conference opened some ten months after the British government, in September 1931, accepted that the pound could no longer be maintained on a par with gold. South Africa chose to stay on gold rather than to take the course of the other dominions in following Britain and so joining the emergent sterling bloc. In the Dominions Office the Union's policy was perceived as 'a strategy of financial independence' that put South Africa out of step with the rest of the Empire-Commonwealth.[117] In a speech made in London in July 1932, en route to Ottawa, Havenga conceded that in staying on gold the Union was 'ploughing a lonely furrow'.[118]

In this context South Africa's co-operative conduct at Ottawa was seen as marking the Union's return to the Commonwealth fold. This process was rounded off four months later, in December 1932, when South Africa at last moved off the gold standard. In terms of domestic politics South Africa's participation at Ottawa formed part of the background to coalition in 1933. The praise Havenga received from the South African Party for his contribution to the exercise in imperial co-operation at Ottawa, though hardly decisive, served to lower the temperature of party political conflict.

This examination of imperial preference as an issue for South Africa in the period 1925 to 1932 supports the finding that in formulating policy the cabinet, and particularly Havenga as the minister with overall responsibility, enjoyed a large measure of autonomy. There were no attempts on the part of special interests to drive the government into courses of action that it was reluctant to take. The organisations with an interest in the prospects of Ottawa did not extend much beyond the bodies named by Havenga in his initial statement on the conference that was made to parliament in April 1932. The main interest involved could be defined as a fairly limited component of that sector of South African agriculture, itself only small at the time, that was oriented towards export markets. The wool farmers were the dominant interest in the sector as a whole, but they had no interest in imperial preference. The British Empire produced more wool than it could consume, so it was to world rather than imperial markets that the wool farmers looked. It was sugar

farmers, wine farmers and growers of deciduous and citrus fruit who were mainly interested in imperial preference and Ottawa. The local and sectional nature of these interests helps to explain the government's effort to 'invent' an export trade to Britain in chilled beef. Beyond agriculture the main interests affected by Ottawa were newly protected secondary industries which might have been hurt had Havenga made any major concessions to imports of British manufactures. Since he avoided doing so there was no outcry against Ottawa from the protectionist lobby.

NOTES

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11. Cmd 2768, Imperial Conference 1926, Summary of Proceedings (November 1926), pp. 91-2, Havenga's statement on imperial preference.

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13. SAB/A.32 J B M Hertzog Collection, vol. 68, Cabinet and Departmental Memoranda: Board of Trade and Industries Memoranda, 15 August 1930, p.11 and 19 August, p.7.

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17. Ibid., 18 August 1930, 'Britse Imperialisme en Ryksvoorkeur', 25pp.

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19. Assembly Debates, vol. 12, cols. 855-58, Havenga's speech, 28 February 1929.

20. R F Holland, Britain and the Commonwealth Alliance 1918-39 (London, 1981), p. 111.

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23. London Times, 30 July 1930, report of Hertzog's speech on 29 July.

24. Cmd 3718, Imperial Conference 1930: Appendices: pp. 18-19, Hertzog's opening statement, 1 October; pp. 26-31 and 117-21, statements of Thomas and Hertzog, 8 October 1930.

25. Ibid., pp. 249-50.

26. Times, 28 October 1930, report of Havenga's speech on 27 October.

27. Times, 4 December 1930, report of Hertzog's speech in Bloemfontein on 3 December.

28. SAB/A.32 Hertzog Collection, vol. 55, semi-official correspondence January 1927 - June 1930: Hertzog's reply to Molteno, 26 May 1930.

29. Times, 2 December 1930, report of Hertzog's speech on 1 December.

30. I M Drummond, British Economic Policy and the Empire (London, 1972), p. 186, quoting Havenga's undated letter to Bennett.

31. Public Archives of Canada: RG 20 (Department of Trade and Commerce), vol. 56, File 19226, vol. 2, containing copy of 21734: 22 May 1931, letter, G R Stevens to F C T O'Hara, Deputy Minister of Trade and Commerce; O Mary Hill, Canada's Salesman to the World: the Department of Trade and Commerce, 1892 - 1939 (Montreal and London, 1977), p. 520.

32. SAB/TES vol. 2462,File F9/619, vol. V: 10 December 1931, telegram, Secretary of State for Dominion Affairs, London, to Minister of External Affairs, Pretoria.

33. SAB/TES, vol. 2462, File F9/619, vol. V: 23 January 1932, telegram (draft), Prime Minister of the Union to Prime Minister of the United Kingdom. Also DO 114/42, p. 95, 23 January 1932, telegram, high commissioner in South Africa to Dominions Office.

34. SAB/TES vol. 2462, File F(/619, vol. V: 4 February 1932, letter (secret), Secretary for External Affairs to Secretary for Finance, enclosing copies of the schedule.

35. DO 114/42, p. 97, 29 February 1932, telegram, high commissioner to Dominions Office.

36. DO 114/42, p. 96, 18 February 1932, telegram, high commissioner to Dominions Office.

37. DO 114/42, p. 98, 17 March 1932, telegram, high commissioner to Dominions Office.

38. DO 114/42, p. 98, 30 March 1932, telegram, high commissioner to Dominions Office.

39. DO 114/42, pp.98-99, 30 March 1932, telegram, high commissioner to Dominions Office.

40. DO 114/42, p. 101, 11 May 1932, telegram, high commissioner to Dominions Office.

41. DO 114/42, p. 101, 19 May 1932, telegram, high commissioner to Dominions Office.

42. DO 114/42, pp. 101 - 102, 21 May 1932, telegram (personal), high commissioner to Dominions Office.

43. DO 114/42, p. 102, 27 May 1932, telegram, high commissioner to Dominions Office.

44. DO 114/42, p. 103, 10 June 1932, telegram, high commissioner to Dominions Office.

45. Drummond, Imperial Economic Policy 1917 - 1939, p. 187.

46. DO 114/42, p. 102, 27 May 1932, telegram, Union government to Dominions Office; Drummond, Imperial Economic Policy 1917 - 1939, p. 189.

47. Drummond, Imperial Economic Policy 1917 - 1939, p. 187.

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51. CAB 27/473, CP 286 (31), pp. 78-79, Havenga's statement.

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56. PAC: RG 19 (Department of Finance), volumes containing memoranda prepared for the Imperial Economic Conference, 1932.

57. CAB 27/473, Cabinet: meetings 1 - 11 of the Cabinet Committee on the Proposed Economic Conference at Ottawa.

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61. Ibid., 26 April 1932, letter from secretary for agriculture to private secretary to the Minister of Finance; 26 May 1932, telegram from Federated Farmers Co-operative Association to Minister of Finance.

62. Ibid., 1 June 1932, letter from SAAU to private secretary to the Minister of Finance; Heddon's minute.

63. SAB/TES, vol. 2483, File F9/619/112, 5 June 1932, copy of letter from L M Dicey, chairman of the Deciduous Fruit Exchange to Cunningham; 23 June 1932, telegram from D Els to Minister of Finance (aboard the Winchester Castle); G Heaton Nicholls, South Africa in My Time (London, 1961), pp. 238-40.

64. Ibid.

65. Cape Times, 10 August 1932, B K Long's report, 'Dominions Policy at Ottawa'.

66. Nicholls, p. 238.

67. Cape Times, 28 July and 19 August 1932 (Long's reports).

68. Cmd 4175, Imperial Economic Conference at Ottawa, 1932 (published in October 1932), pp. 112- 115, Havenga's supplementary opening statement.

69. CAB 27/473, CP 286 (31), p. 413, Proposals of Cabinet Committee on Possible Tariff Preferences to the Overseas Empire (undated).

70. Union of South Africa: Assembly Debates, vol. 20, Jan. - March 1933, col. 11, Havenga's statement on the Ottawa agreements, 23 January 1932.

71. SAB/TES, vol. 2484, File F9/619/119, Imperial Conferences: Committee on Promotion of Trade within the Commonwealth (Ottawa Conference, 1932), Notes on Tobacco (undated).

72. SAB/HLD (Trade Commissioner, London), vol. 3, File F2/69/1, Imperial Conference, Ottawa, 1932, copy of letter from L M Dicey, Chairman of the South African Co-operative Fruit Exchange Ltd, to the Minister of Mines and Industries, 16 April 1932, enclosing a *Memorandum on Deciduous Fruits*.

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74. SAB/TES, vol. 2484, File 619/119, containing IEC (32) 102 (CD) (1-B), Minutes of the Special Co-ordinating Committee of officials, Appendix 2, 1 Agust 1932.

75. Cmd 4174 Imperial Economic Conference at Ottawa, 1932, Summary of the Proceedings and Copies of the Trade Agreements, pp. 65 - 71, schedules of the United Kingdom - Union of South Africa agreement. The official South African version of the agreements with Canada and the United Kingdom was published in a Government Gazette Extraordinary on 13 October 1932; Cape Times, 26 October 1932, report of speech at a meeting of the South African Agricultural Union in Durban the previous day.

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81. Cmd 4175, pp. 112 - 115, Havenga's supplementary opening statement, 21 July 1932.

82. SAB/TES, vol. 2484, File F9/619, IEC (32) 105 (CD) (1-B), Special Co-ordinating Committee of Officials, Minutes of the Fourth (final) Meeting, 2 August 1932, incorporating the report on meat.

83. Drummond, Imperial Economic Policy, pp. 259 and 263.

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87. Ibid., cols.12-14.

88. DO 114/42, p. 98, 17 March 1932, telegram, high commissioner to Dominions Office.

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91. CAB 27/473, CP 288 (31), pp. 77-79, statements of Baldwin and Havenga, 6 July 1932.

92. SAB/TES vol. 2462, File 9/619, vol. V, telegram (secret), Havenga to Hertzog.

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110. SAB/TES vol. 2485,File F(/619/121: Imperial Conferences: Committee on Commercial Relations with Foreign Countries (Ottawa Conference,1932), draft minutes (secret) of the first meeting, 10 August 1932; the final published report of 17 August 1932,

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111. SAB/TES vol. 2462, File F9/619, vol. V, 21 August 1932, Havenga's telegram to Hertzog.

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113. SAB/A.38, N C Havenga Collection, vol. 26, Political: national, government and cabinet matters, 1923 - 1955: 1 November 1932, Havenga's reply to letter from N J van der Merwe.

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