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Empire and Risk: Edwardian Financiers, Australia, and Canada, *c.* 1899-1914

Andrew Richard Dilley

Although British investors are viewed as showing no marked "imperial piety," investments in the dominions (the British Empire's self-governing colonies) occupied an exceptional place in the capital market, enjoying low interest rates. I trace Edwardian London financiers and investors' expectations concerning the effects of imperial connections on Canadian and Australian investment risk. Reconstructing the assumptions linking investment and empire clarifies dominion "exceptionalism." The Empire reassured investors in two ways. First, institutional factors (legal integration through the Privy Council's Judicial Committee and British defensive guarantees) reassured some investors, although these operations depended on colonial consent. Second, the Empire promoted information flows, social networking, and shared cultural assumptions that made the dominions safer havens for British capital. Colonial borrowers played on these factors in dealing with the capital market. Thus, membership in the Empire did not replace the use of more familiar economic and political tools in calculating risks, but it did inform judgment of those risks.

Many have long suspected that British investors have some kind of preference for investing in the Empire. For example, Peter Cain and Tony Hopkins have observed a "British preference for empire stocks, especially those of the white empire, [which] may have owed something to patriotism rather than to pure market forces." Ranald Michie has similarly suggested that empire members found it easier and cheaper to borrow, because British investors were "more inclined to trust the wider British community."[1] While only a third of British capital exports

[1] See Peter. J. Cain and Antony. G. Hopkins, *British Imperialism: Innovation and Expansion, 1688-1914* (London, 1993), 240; Ranald C. Michie, "The

Andrew Richard Dilley <a.dilley@abdn.ac.uk > is a lecturer in history at the University of Aberdeen.

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flowed to the Empire, it seems that lenders charged many empire borrowers lower interest rates on their loans.[2] Lance E. Davis and Robert A. Huttenback suggest that yields on the bonds of colonial governments and railways were about 1 percent lower than yields on bonds of foreign governments.[3] This apparent preference owed little, if anything, to regulatory biases.[4] Rather, the main source of this preference for empire investments seems to come from the perception of investors and financiers that the Empire was a less risky field for investment.[5] Given the well-established literature showing the

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Social Web of Investment in the Nineteenth Century," *Revue Internationale d'Histoire de la Banque* 18 (Jan. 1979): 147-64, quotation at 172.

[2] For the most recent sets of estimates, see Lance E. Davis and Robert A. Huttenback, *Mammon and the Pursuit of Empire: The Political Economy of British Imperialism, 1860-1912* (Cambridge, England, 1987); Irving Stone, *The Global Export of Capital from Great Britain, 1865-1914: A Statistical Survey* (Basingstoke, 1999).

[3] These figures re-work data provided by Edelstein. See Davis and Huttenback, *Mammon and the Pursuit of Empire*, 181-97; Michael Edelstein, "Realized Rates of Return on UK Home and Overseas Portfolio Investment in the Age of High Imperialism," *Explorations in Economic History* 18 (July 1976): 283-329. See also Niall Ferguson, "The City of London and British Imperialism: New Light on an Old Question," in *London and Paris as International Financial Centres in the Twentieth Century*, ed. Youseff Cassis and Éric Bussière (Oxford, England, 2005), 57-78; Niall Ferguson and Moritz Schularick, "The Empire Effect: The Determinants of Country Risk in the First Age of Globalization, 1880-1913," *Journal of Economic History* 66 (April 2006): 283-312. For similar contemporary estimates, see R. A. Lehfeldt, "The Rate of Interest on British and Foreign Investments," *Journal of the Royal Statistical Society* 76 (Jan. 1913): 196-207.

[4] The Colonial Stock Acts of 1877 and 1900 did make it easier for colonial governments to raise capital, the former by allowing them to issue inscribed stock, and the latter by allowing trustees to invest in colonial government bonds. Examining the impact of the 1900 Act in the 1930s, Albert Baster considered it to have had only a small impact. At best, the acts improved a preference that already existed and that applied to some colonial authorities not encompassed by the act and to many private enterprises, including railways. See Albert Stephen James Baster, "A Note on the Colonial Stock Acts and Dominion Borrowing," *Economic History* 8 (Jan. 1933): 602-8.

[5] I have elsewhere argued that financiers' and investors' (in the private and public sectors) judgments of the riskiness of a particular borrowing nation revolved around assessments of its political economy in certain key areas. In brief, the City wished to see: secure rights of property, defense, budgetary orthodoxy, monetary stability, high immigration, and the restriction of the power of organized and politicized labor. Financiers and investors often disagreed on the detail under these headings. This essay does not suggest that the factors discussed here replaced these criteria, but rather interacted with them, often ameliorating the perceived risk as calculated in these terms. For further discussion, see Andrew Richard Dilley, "Gentlemanly Capitalism and the Dominions: London Finance, Australia and Canada, 1900-1914" (D.Phil. Thesis, Oxford University, 2006), chaps. 3-5.

importance of empire within British culture, it would be surprising if empire did not feature in financiers and investors' calculations of risk.[6]

How, though, did empire serve to reassure investors? The obvious answer, given by Niall Ferguson, is that the additional control the British government possessed within the Empire reduced risk.[7] Yet this answer proves limited on close inspection. According to Lance E. Davis and Robert A. Huttenback, 71 percent of British investment in the Empire (or 28 percent of total overseas investment) between 1865 and 1914 occurred in self-governing colonies, or dominions.[8] From the mid-nineteenth century these dominions had been granted virtual internal autonomy under a program of devolution known as "responsible government," which one scholar compared to decolonization in Africa just over a century later.[9] What one Australian scholar once called an "empire that don't care what you do" must have reassured investors in other ways.[10]

To understand how, this article follows discussions of Australia and Canada by Edwardian financiers and investors in the City of London.[11] It seeks to show how empire featured in these discussions and to chart the way that membership in the Empire was expected to reduce risk. For analytical purposes, empire is treated either as the set of institu-

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[6] See, for example, John M. MacKenzie, ed., *Imperialism and Popular Culture* (Manchester, England, 1986); Andrew S. Thompson, *Imperial Britain: The Empire in British Politics, c. 1880-1932* (London, 2000); Andrew S. Thompson, *The Empire Strikes Back? The Impact of Imperialism on Britain from the Mid-Nineteenth Century* (Harlow, 2005); Catherine Hall, "Culture and Identity in Imperial Britain," in *The British Empire: Themes and Perspectives*, ed. Sarah E. Stockwell (Malden, Mass., 2008), 199-218. Even Bernard Porter's critique of this literature admits that imperial "absent-mindedness" was least prevalent among Britain's political and business elites. See Bernard Porter, *The Absent-Minded Imperialists: Empire, Society, and Culture in Britain* (Oxford, England, 2004), 39-40.

[7] Ferguson, "City of London," 61. See also Ferguson and Schularick, "The Empire Effect," 286-87, 307-8.

[8] Davis and Huttenback, *Mammon and the Pursuit of Empire*, Tables 2.1 and 2.4.

[9] Peter. P. Burroughs, "Colonial Self-Government," in *British Imperialism in the Nineteenth Century*, ed. C. C. Eldridge (London, 1984), 62. It is difficult, therefore, to agree with Ferguson's assertion that "even the major colonies of white settlement had been granted only a limited political autonomy," Ferguson, "City of London," 61. Indeed, Davis and Huttenback observed, "It may well have been that the recognition of continuing governmental scrutiny helped make the issues of the dependent colonies attractive to investors, it is not so clear why investors maintained confidence in the dominions." Davis and Huttenback, *Mammon and the Pursuit of Empire*, 169.

[10] John Donald Bruce Miller, "An Empire That Don't Care What You Do," in *Australia and Britain: Studies in a Changing Relationship*, ed. A. Frederick Madden and Wyndreath Humphreys Morris-Jones (London, 1980), 90-100.

[11] For further discussion of the methodology and sources used here, see Dilley, "Gentlemanly Capitalism," 23-27, 86-92.

tions that together comprised the constitutional bond between Britain and a colony, or as the cultural associations attributed to those institutions.[12] The two were often entwined, and the latter often included notions of shared "Britishness" that were seen by many late-Victorian and Edwardian thinkers to underpin the imperial bond.[13] This essay argues that empire, thus defined, was considered to do this in two main ways. First, certain institutional factors provided some safeguards for investors, especially a degree of legal integration and the strategic guarantee provided by British arms. Second, drawing on recent work by Andrew Thompson and Gary Magee, it is suggested that empire facilitated social networking and provided a shared culture, which served to reassure investors.[14] Empire helped underpin confidence, and representatives of Australia and Canada were aware of this fact and sought to exploit it.

Institutional and Constitutional Factors

Empire was first a political relationship, so let us examine some of the institutional factors that served to reassure investors in the dominions. British investors rarely found the Colonial Office willing to intervene on

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[12] For the dangers of hazy definition, and of considering all connections between Britain and the self-governing colonies to be "empire," see Andrew R. Dilley, "Review of *Australia's Empire and Canada and the British* Empire," *Reviews in History* (2009); accessed 22 June 2009. URL: http://www.history.ac.uk/reviews/paper/dilleya.html.

[13] For example, many contemporaries wrote of "Greater Britain" when discussing the settlement empire, something as much based on a perceived shared culture as on institutions. See John Robert Seeley, *The Expansion of England* (London, 1883); and Duncan Bell, *The Idea of Greater Britain: Empire and the Future of World Order, 1860-1900* (Princeton, N.J., 2007). While mid-Victorian thinkers such as J. A. Froude and Charles Dilke included the United States in this vocabulary, the republic was increasingly excluded. By the 1880s, Dilke excluded it from Greater Britain, and Seeley wrote of the American Revolution as a schism in "Greater Britain." See Seeley, *The Expansion of England*, 141-57. See also Charles Wentworth Dilke, *Greater Britain: A Record of Travel in English-Speaking Countries during 1866 and 1867* (London, 1868); Charles Wentworth Dilke, *Problems of Greater Britain* (London, 1890); and James Anthony Froude, *Oceana, or England and Her Colonies* (New York, 1886). For a late deployment of the notion of a British informal empire in the United States, see Ritortus, "The Imperialism of British Trade, I," *Contemporary Review* 76 (July 1899): 132-52, esp. 146.

[14] Gary Magee and Andrew Thompson, " 'Globalisation from Below': A Cultural Economy of the British Empire," unpub. paper (2006). See also Gary Magee and Andrew Thompson, "Lines of Credit, Debts of Obligation: Migrant Remittances to Britain, c. 1875-1913," *Economic History Review* 59 (June 2006): 539-77; Andrew Thompson and Gary Magee, "A Soft Touch? British Industry, Empire Markets, and the Self-Governing Dominions, c. 1870-1914," *Economic History Review* 56 (Nov. 2003): 689-717.

their behalf in colonies granted almost complete internal autonomy.[15] For instance, in 1903 directors of the Midland Railway Company of Western Australia thought the state was violating their property rights. They were informed that the Colonial Secretary was not “a court of appeal in cases in which individuals or corporations consider themselves aggrieved by the action of the legislatures of self-governing colonies.”[16]

Yet the institutional framework provided by the Empire provided other forms of assurance for investors. The role of the Judicial Committee of the Privy Council (JCPC) as the highest court of appeal within the Empire was particularly important, though the right to appeal from a colonial court to the Privy Council did not always guarantee a favorable outcome for British investors. For instance, an 1898 ruling on the Canadian constitution limited the federal government’s right to veto provincial legislation. In 1910, Canada’s governor-general, Earl Grey, who had strong links to the City through his nephew Arthur Grenfell, expressed fear about what a Provincial “Jack Cade” might do, “if he can only catch for the purpose of one election, the willing ear of plunder-loving Demos.”[17]

The right of appeal, however, did help guarantee consistent interpretation of legislation and contracts.[18] The right was, according to E. S. Clouston, a Canadian banker with close ties to the City, “one of the chief safe-guards of private rights and property.”[19]

The importance of the JCPC became apparent in 1900 when the new Australian constitution (drafted in Australia) reached Westminster. The draft contained a clause restricting appeals in constitutional matters to ensure that Australian practice was determined in

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[15] See Midland Railway Company, *Correspondence between the Midland Railway Company of Western Australia and the Colonial Secretary* . . . (Jan. 1904), 7, 1150/297/6 [Papers of the Agent-General], State Record Office of Western Australia, Perth.

[16] Cox to Secretary of the Midland Railway Company, 4 Dec. 1903, quoted in ibid., 8. For further discussion, see Dilley, “Gentlemanly Capitalism,” 107-10.

[17] See Grey to Mavor, 1910, quoted in James Mavor, *Niagara in Politics: A Critical Account of the Ontario Hydro-Electric Commission* (New York, 1925), 165.

[18] Alfred Lyttleton, “The Empire,” in *British Dominions: Their Present Commercial and Industrial Condition*, ed. Sir William James Ashley (London, 1911): 2-23, quotation at 13.

[19] Clouston to Laurier, 10 March 1902; Laurier to Clouston, 11 March 1902, Laurier Papers, MG 26-G/c797/226/63537-9, Archives Canada. Clouston, here writing to the Canadian prime minister Wilfred Laurier, was then general manager of the Bank of Montreal, Canada’s largest bank at the turn of the century and, according to one estimate, responsible for organizing 50% of Canadian borrowing in London between 1900 and 1914. See Merrill Denison, *Canada’s First Bank: A History of the Bank of Montreal* (Montreal, 1966), 419-422; Jacob Viner, *Canada’s Balance of International Indebtedness, 1900-1913* (Cambridge, Mass., 1924), 118.

Australia. Joseph Chamberlain, then Colonial Secretary, sought to overturn this clause, partly to preserve one of the Empire's few unifying institutions, but also in the interests of "banks and other large financial institutions."[20] The *Times* approved and considered that the restriction of appeals would deter British investment, although *The Economist* warned against alienating Australian loyalty.[21]

After a public row, and pressure from Australian delegates in London, Chamberlain backed down. A compromise required special consent for appeals to the Privy Council on matters affecting relations between the states and the new commonwealth government.[22] The tussle highlighted the importance of the JCPC, and of "loyalty," in reassuring investors. Interestingly, the Australian delegation, which accompanied the proposed constitution to London, played the imperial card. For example, J. R. Dickenson of Queensland warned the London Chamber of Commerce against "[cooling] the ardor of Australians, who had voluntarily sent a not inconsiderable contribution to the battlefields of South Africa."[23]

Membership in the Empire also provided strategic guarantees that reassured investors in an increasingly unstable world. As one Canadian publication explained in 1908, "Canadian credit [is] enhanced and conserved by the British power behind it and around it, acting as a guarantee of immunity from the dangers of aggression and giving to a part of the empire the strength of the whole."[24] *The Times* argued in 1900, "British command of the seas . . . renders Australia as safe from naval attack as the Isle of Wight."[25] Moreover, as confidence in British arms waned, dominion expenditure on defense could prove popular in the City. Contributions to the South African War were widely applauded, as was antipodean naval construction in the wake of the 1909 Dreadnought crisis.[26] Canadian governments found naval contributions more difficult in the face of Quebecois distrust. In 1913, the Conservative prime minister Robert Laird Borden's proposals for a direct financial contribution to the British navy were overturned in the Canadian senate, a move that the *London Globe* claimed stole the

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[20] Chamberlain to Governors of the Australian Colonies, 5 April 1900, quoted in John. A. La Nauze, *Alfred Deakin: A Biography* (Sydney, 1979), 491; Peter T. Marsh, *Joseph Chamberlain: Entrepreneur in Politics* (London, 1994).
[21] *The Times*, 28 April 1900, p. 11; *The Economist* (19 May 1900), 699.
[22] Marsh, *Joseph Chamberlain*: 469, 473, 491-92; Alfred Deakin, *The Federal Story: The Inner Story of the Federal Cause* (Melbourne, 1944): 141-49, 158; Dilley, "Gentlemanly Capitalism," 163-64.
[23] *Chamber of Commerce Journal* (May 1900), 81.
[24] *Canadian Annual Review* (1908), 604-5.
[25] *The Times*, 10 July 1900, p. 9.
[26] See "British America Co. AGM," *The Economist* (3 March 1900), 315; "London Bank of Australia AGM," *The Economist* (26 May 1900), 747-48; "English Scottish and Australian Bank AGM," *The Economist* (10 Nov. 1900), 1583; and *The Times*, 24 Aug. 1909, p. 7.

"glamour" from Canadian stocks.[27] In some ways, it seems odd that British investors might favor unproductive military expenditure that lessened what was effectively a subsidy by the British taxpayer.[28] Yet with confidence in British might wavering in the early twentieth century, being able to call on the resources of the dominions bolstered the guarantee provided by British arms and also played on some investors' broader imperial loyalties.

Overall, a number of institutional factors served to reassure investors in the dominions. Yet, institutions alone were not always sufficient reassurance. After all, such institutional links relied on colonial consent to operate: something widely acknowledged in the City.[29] Several softer factors, which were forces in their own right, reinforced confidence that such consent would not be withdrawn. First, the Empire augmented information flows. Second, the Empire began to spawn business networks, which again provided better information and greater confidence in the probity of colonial borrowers. Finally, the culture of empire and the perceived "Britishness" of the dominions similarly served to reassure investors. Contemporaries thought all these factors were at work in the Edwardian capital market.

Information Flows, Networks, and Culture

In 1914 C. K. Hobson observed, "Increasing facilities for obtaining reliable information are likely, on the whole, to stimulate investment."[30] Empire increased the volume of information available to British financiers and investors. It has become a commonplace that dense communications networks linked Britain and the dominions, often described as a "British World."[31]

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[27] *The Globe*, 20 Oct 1913, quoted in the *Canadian Annual Review* (1913), 26. For an overview, see Colin M. Coates, "French Canadians' Ambivalence to the British Empire," in *Canada and the British Empire*, ed. Phillip Buckner (Oxford, England, 2008), 193-95.

[28] Davis and Huttenback, *Mammon and the Pursuit of Empire*, 145-57.

[29] For example, As the treasurer of the London Chamber of Commerce, Sir Fortescue Flannery, told the colonial premiers gathered in London for the 1907 Imperial Conference:

> Their parliaments were in their own affairs as free, as democratic, as powerful, and as representative as our own Imperial Parliament. It had taken some generations for the British people to learn this great truth, and they had been taught somewhat roughly. The education began in Boston harbour when the tea chests were overthrown.

See *Chamber of Commerce Journal* (June 1907), 155.

[30] Charles Kenneth Hobson, *Export of Capital* (London, 1914), 233.

[31] Carl Bridge and Kent Fedorowich, "Mapping the British World," in *The British World: Diaspora, Culture, and Identity*, ed. C. Bridge and K. Fedorowich (London, 2003), 1-15; Phillip A. Buckner and R. Douglas Francis, "Introduction," in *Rediscovering the British World*, ed. Phillip A. Buckner and R. Douglas Francis (Calgary, 2005),10-17.

Simon Potter has charted the emergence of an imperial press system in the late nineteenth and early twentieth century, which placed the dominions increasingly before the British public, including the British investing public. For example, as Potter has shown, advertising in the first Empire Day edition of the *Times*, issued in May 1909, sought to drum up migrants and capital for the dominions.[32] Much of this advertising was paid for by the dominions themselves and organized by their official representatives (high commissioners and agent-generals), who were prominent in City life.

In the first decade of the twentieth century, the Canadians were particularly aggressive self-promoters. Lord Strathcona, the Canadian High Commissioner between 1896 and 1914, at times seemed ever-present in City life.[33] Walter James, Western Australia's official representative (or agent-general), believed that if Australian governments had spent as much on advertising as the Canadians between 1895 and 1905, "the benefits on the financial market would . . . have repaid us a hundred fold."[34] In 1910 the Australian government founded the Australian High Commission in an effort to catch up.[35] The first High Commissioner, George Reid, recalled that "one of the most important objects" of his appointment was to "spread of information . . . concerning Australia . . . as a source of raw materials and food supplies, as an attractive home for the emigrant, and as a place for the investment of British capital." He was quite clear on the best means to achieve this goal, writing, "in London a man of my position had to regard attendance at dinner or luncheon functions of a public or semi-public nature as a primary duty."[36]

Official representatives such as Strathcona, Reid, and James were joined by ex-colonial governors, who deployed their social status (and occasional abilities) in the City in the interests of their former charges. In 1904, New South Wales' ex-governor, the earl of Jersey, acted as agent-general for the state, apparently free of charge, and conducted loan negotiations with the London and Westminster Bank and the Bank of England.[37] Others became embroiled in less savory undertakings, including Lord Dufferin, a distinguished career diplomat and former

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[32] Simon James Potter, *News and the British World: The Emergence of an Imperial Press System, 1876-1922* (Oxford, England, 2003), 9, 70-86, and 118-23.
[33] Ibid., 74-78; Dilley, "Gentlemanly Capitalism," 92-102.
[34] James to Rason, 26 May 1905, James Letterbooks, MSS 412/1, p24-5, Mitchell Library, Sydney.
[35] Bernard Attard, "The Australian High Commissioner's Office: Politics and Anglo-Australian Relations, 1901-1939" (D.Phil. Thesis, Oxford University, 1991), 51-103.
[36] George. H. Reid, *My Reminiscences* (London, 1917), 271, 277.
[37] Jersey to Premier, 11, 22 Nov. 1904; pp. 8, 16, 23 Dec. 1904, Kingswood 3/3158/CGS-14335 (Treasury Files, Correspondence with the Agent-General), State Record Office of New South Wales, Sydney.

governor-general of Canada, and viceroy of India.[38] In the late 1890s, he was a director of a number of speculative Western Australian and British Columbian mining companies floated by the notorious mining financier, Whittacker Wright.[39] As Wright's empire collapsed in scandal, *The Economist* observed that Dufferin's role had been "to cover with a cloak of respectability the essentially speculative character of its transactions, and to inspire investors with a confidence in it which they may not otherwise have shown."[40]

Direct contact between colonial business people and politicians and Britain's business elites also facilitated investment. Increasing numbers of colonial business people passed through London. In 1912, the *Toronto Mail and Globe* wrote of one Canadian railway magnate, "If there were a competition at the Olympic Games for ocean travellers . . . Canada might well have entered Sir William Mackenzie with a fair chance of winning first place."[41] Similarly, in 1900 one Australian feminist, Miss Mack, scoffed about her fellow Australian travelers: "the sort of people who travel. . . . What a disillusionment! They who travel from Australia are the money-makers, the business people."[42]

Of course, some travel was a function of purely economic networks, but empire-related events created additional opportunities to forge relationships. The Congress of the Chambers of Commerce of the Empire (CCCE) provided one such social crucible, organized by the London Chamber of Commerce, which met with increasing regularity after 1886.[43] The Chamber's journal described it as, "A unique opportunity . . . for the businessmen of the Empire to become acquainted with each other and appreciate the needs and aspirations of their fellow countrymen in distant lands."[44]

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[38] Richard Davenport-Hines, "Blackwood, Frederick Temple Hamilton-Temple-, First Marquess of Dufferin and Ava (1826–1902)," *Oxford Dictionary of National Biography*, Sept. 2004; online edition, Jan. 2008; accessed 4 May 2009. URL: http://www.oxforddnb.com/view/article/31914 (access via institutional subscription).

[39] J. W. McCarty, "British Investment in Western Australian Gold Mining," *University Studies in History* 4 (Jan. 1961-62): 7-22; R. T. Appleyard and Mel Davies, "Financiers of the Western Australian Goldfields," in *Australian Financiers: Bibliographical Essays*, ed. R. T. Appleyard and C. Boris Schedvin (Melbourne, 1988), 160-86.

[40] *The Economist* (12 Jan. 1901), 43.

[41] Quoted in Rae Bruce Fleming, *The Railway King of Canada: Sir William Mackenzie, 1849-1923* (Vancouver, B.C., 1991), 164.

[42] Quoted in Martin Shanahan, "Tracing the Crimson Thread: United Kingdom Residents Holding Probated South Australian Assets, 1905-1915," *Australian Economic History Review* 43 (Nov. 2003): 215-326, quotation at 223.

[43] The Congress became triennial in 1900 and was normally held in London, but in 1903 visited Montreal and in 1909, Sydney.

[44] *Chamber of Commerce Journal* (July 1906), 155.

Colonial politicians, whose actions could affect the security of investments, also had additional reasons to visit London, most notably Colonial Conferences.[45] A round of socializing in the City inevitably accompanied these visits. One Canadian finance minister, W. S. Fielding, moaned:

> Where shall rest be found for the weary politician? Not in London, surely. I have been here something over three weeks, and I have been on a continuous rush. I had a good many callers in connection with my immediate business of the loan but outside of that a large number of people either have business, or think they have business, with the Canadian government. . . . If you add to these the visits of the newspaper men who swarmed about me and numerous social calls you will readily see that most of my time has been more than filled up.[46]

Thus, empire provided additional opportunities for financiers and colonials to meet, and for the colonies to acquire social capital.

A host of assumptions about the implications of the imperialist and racial characteristics shared by Britain and the dominions facilitated meetings between politicians and business people and the colonies' increasing appearances in the press. These factors made it easier to "imagine" that Australians or Canadians might prove trustworthy.[47] Australians and Canadians frequently uttered vague statements of imperial loyalty (although not support for the details of imperial policy) in their dealings with the City, providing uncontroversial subject matter for after-dinner speeches.[48] Lord Brassey, president of the London

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[45] See John Edward Kendle, *The Colonial and Imperial Conferences: 1887-1911: A Study in Imperial Organization* (London, 1967).

[46] Fielding to Davies, 1 Nov. 1897, W. S. Fielding Papers, MG2/505/11a/798A, Provincial Archives of Nova Scotia.

[47] To borrow a well-worn term; see Benedict Anderson, *Imagined Communities: Reflections on the Origin and Spread of Nationalism* (London, 1991).

[48] A speech by James Balfour of Sydney at the 1900 Congress of the Chambers of Commerce of the Empire (held in London) is typical, and illustrates the close links between "Britishness" and empire:

> We have all the privileges of a nation and all the advantages of being connected with the mother country. We may say that we belong to the same race and speak the same language and have the same literature that your ancestors and our ancestors had—your literature is our literature (cheers). We claim to be descended from the same men who have gained their liberties at the expense of their lives. (cheers) We say we want to be still a part of that great Empire which has such a magnificent past and which none of us doubt has a glorious future (cheers). We also recognise that we have a part in that great nation which is to join us at times together to maintain the rights and privileges of the nation. We have to see that no other flag but the British flag shall float over South Africa. (Loud cheers). We wish to assist the mother country and be always ready to come to her assistance.

Chamber of Commerce, told delegates at the 1903 CCCE in Montreal that "Everyone who came to the congress must have been deeply gratified by the loyal tone and strong imperial sentiments which marked the utterances of every speaker."[49]

As well as mollification by assurances of loyalty, some investors and financiers calculated risk through the prism of race. Peter Cain has highlighted how ideas of economic probity fed into ideas of "character."[50] In this context, the "Britishness" of the self-governing colonies may have seemed an additional guarantee of adherence to contracts and to "fair play" in general toward investors. Robert Benson explained to the 1906 AGM of the Merchants' Trust Company that the "sentiment of the mother country" led it to lend to the colonies at lower interest rates as:

> Blood is thicker than water, and we are naturally inclined to trust, for instance, the Scotch brain and bone which has built up and is continuing to build up Canada, rather than the mixed Scandinavian, Teutonic, Slavonic and pure American brain which is building up the North-West prairies across the imaginary line which divides the two countries.[51]

Representatives of the dominions manipulated such ideas. For example, J. W. Taverner, agent-general of Victoria, concluded a defense of Australia from criticism by remarking, "Surely a country where 97 percent are British, your flesh and blood, your language, and under one flag, is a safe spot to invest British capital."[52] There were bitter complaints when these expectations were not met. In 1914, the Midland Railway Company of Western Australia again felt threatened when the Western Australian government began construction of a competing line. One shareholder complained, "The action was absolutely what would have been expected from some South American Republics." A. Williamson, the company's chairman, thought it unfortunate that "As Britishers they had been far too trustful of their Australian cousins and had not exacted for their capital that protection which was given in the republics he alluded to, where their money was generally safeguarded by contract."[53] The assumption was that Britons were more likely to adhere to the rules of the financial game by virtue of their Britishness.

Official Report of the Fourth Congress of Chambers of Commerce of the Empire (1900), 92, MS 18287 (Federation of Commonwealth Chambers of Commerce Papers), Guildhall Library, London.

[49] *Chamber of Commerce Journal* (Sept. 1903), 209.

[50] Peter J. Cain, "Character and Imperialism: The British Financial Administration of Egypt, 1878-1914," *Journal of Imperial and Commonwealth History* 34 (June 2006): 177-200; Peter J. Cain, "Empire and the Languages of Character and Virtue in Later Victorian and Edwardian Britain," *Modern Intellectual History* 4 (June 2007): 249-73.

[51] "Merchants' Trust AGM," *The Economist* (10 March 1906), 412.

[52] "What Every Financier Ought to Know!" *Australasian World*, 11 March 1909.

[53] *The Financial World* (17 Jan. 1914), 58-59.

Conclusion

I have explored how the imperial connection featured in Edwardian financiers' discussions of investments in Australia and Canada. Both official and unofficial aspects of empire membership were often thought to make the two safer havens for investment. Constitutional ties were perceived by some to provide additional guarantees, something equally true of the British strategic umbrella. Many in the Edwardian City thought that these institutional guarantees (while real) persisted only with the consent of the self-governing colonies. That they could, if they wished, remove these institutions and thus their continued commitment to the British connection, became an important cause for concern. This turned financiers' and investors' attention to less formal factors on which consent was often taken to rest, factors that reassured investors in their own right. Empire membership boosted the level of information available to financiers and investors and facilitated networking and the accumulation of social capital. Its associated culture provided a common language to aid these contacts, while racial assumptions tinted expectations of economic probity. None of this meant that British financiers were uninterested in the economic fundamentals surrounding investment. However, their judgments of these fundamentals with respect to Australia and Canada were often shaped by those countries' membership in the Empire. George Paish, editor of the *Statist*, and British overseas investment's original cliometrician, explained the advantage to a Toronto audience in 1914:

> We have loaned this great sum of £500 millions sterling to Canada at an interest rate of only slightly over 4 percent; we should have given it to any other country, at any rate, any other foreign country, for 5 percent. That means that although you owe us 500 millions sterling yet this costs you not more than 400 millions sterling would cost any foreign country; in other words you have the advantage of borrowing an extra 100 millions for nothing.[54]

His remarks reflected the fact that the Empire was just as much in fashion in the London capital market as in any other aspect of late nineteenth-century British society.

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[54] *Canadian Annual Review* (1914), 2.